

## **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Quaid-e-Azam Solar Power (Private) Limited as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the period September 16, 2013 to June 30, 2014 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of The Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by The Companies Ordinance, 1984;
- (b) in our opinion
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with The Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the period was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;

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**A. F. FERGUSON & CO.**

- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by The Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the loss, total comprehensive loss, changes in equity and its cash flows for the period September 16, 2013 to June 30, 2014; and
- (d) In our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

  
**Chartered Accountants**

**Lahore**, September 30, 2014

**Name of engagement partner:** Asad Aleem Mirza

# QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

## BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 Rupees	Note	2014 Rupees
<b>EQUITY AND LIABILITIES</b>				
<b>CAPITAL AND RESERVES</b>				
Authorised capital				
1,000 ordinary shares of Rs 10,000 each		<u>10,000,000</u>		
Issued, subscribed and paid up capital				
1,000 ordinary shares of Rs 10,000 each	5	10,000,000		
Share deposit money	6	3,799,785,114		
Accumulated loss		(15,941,999)		
		<u>3,793,843,115</u>		
<b>NON-CURRENT LIABILITIES</b>				
Deferred liabilities	7	867,595		
<b>CURRENT LIABILITIES</b>				
Trade and other payables	8	32,631,537		
<b>CONTINGENCIES AND COMMITMENTS</b>				
	9	-		
		<u>3,827,342,247</u>		
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment			10	20,285,485
Intangible assets			11	145,966
Long term deposits and prepayments			12	14,174,162
				<u>34,605,613</u>
<b>CURRENT ASSETS</b>				
Advances, deposits, prepayments and other receivables	13	44,942,679		
Cash and bank balances	14	3,747,793,955		
		3,792,736,634		
		<u>3,827,342,247</u>		

The annexed notes 1 to 25 form an integral part of these financial statements.

  
Chief Executive

  
Director




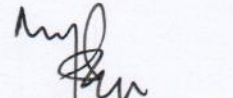
# QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD SEPTEMBER 16, 2013 to JUNE 30, 2014

		September 16, 2013 to June 30, 2014 Rupees
Administrative expenses	Note 15	(57,130,384)
Other income	Note 16	<u>41,203,636</u>
		(15,926,748)
Finance cost	Note 17	<u>(15,251)</u>
<b>Loss before taxation</b>		(15,941,999)
Taxation	Note 18	-
<b>Loss for the period</b>		<u><u>(15,941,999)</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
**Chief Executive**

  
**Director**

**QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED**

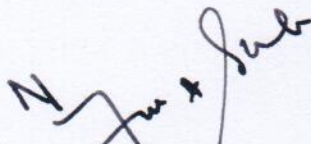
**STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD  
SEPTEMBER 16, 2013 to JUNE 30, 2014**

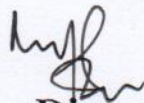
**September 16, 2013  
to June 30, 2014  
Rupees**

Loss for the period	(15,941,999)
Other comprehensive income	-
Total comprehensive loss for the period	<u><u>(15,941,999)</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.



  
**Chief Executive**

  
**Director**



**QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD  
SEPTEMBER 16, 2013 to JUNE 30, 2014**

	Share capital	Share deposit Money	Accumulated loss	(Rupees) Total
Total comprehensive loss for the period	-	-	(15,941,999)	(15,941,999)
<b>Total contributions by and distributions to owners, recognised directly in equity</b>				
Share deposit money received	-	3,809,785,114	-	3,809,785,114
Issuance of ordinary shares	10,000,000	(10,000,000)	-	-
	10,000,000	3,799,785,114	-	3,809,785,114
<b>Balance as on June 30, 2014</b>	<u>10,000,000</u>	<u>3,799,785,114</u>	<u>(15,941,999)</u>	<u>3,793,843,115</u>

The annexed notes 1 to 25 form an integral part of these financial statements.

*AH*

*N. J. Khan*  
Chief Executive

*M. Farid*  
Director

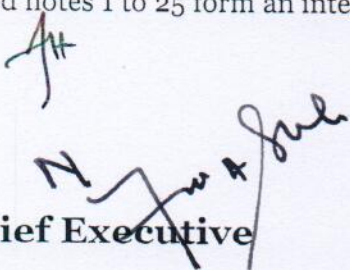


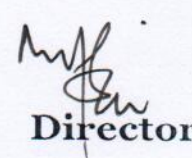
# QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

## CASH FLOW STATEMENT FOR THE PERIOD SEPTEMBER 16, 2013 to JUNE 30, 2014

	Note	September 16, 2013 to June 30, 2014 Rupees
<b>Cash flows from operating activities</b>		
Cash used in operations	21	(26,505,336)
Finance costs paid		(15,251)
<b>Net cash used in operating activities</b>		<u>(26,520,587)</u>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure		(21,296,410)
Security deposits - net		(14,174,162)
<b>Net cash used in investing activities</b>		<u>(35,470,572)</u>
<b>Cash flows from financing activities</b>		
Share deposit money received		3,809,785,114
<b>Net cash generated from financing activities</b>		<u>3,809,785,114</u>
<b>Cash and cash equivalents at the end of the period</b>	14	<u><u>3,747,793,955</u></u>

The annexed notes 1 to 25 form an integral part of these financial statements.

  
Chief Executive

  
Director



# QUAID-E-AZAM SOLAR POWER (PRIVATE) LIMITED

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD SEPTEMBER 16, 2013 to JUNE 30, 2014

### 1. Legal status and nature of business

Quaid-e-Azam Solar Power (Private) Limited ('The Company') was incorporated as a private limited Company under the Companies Ordinance, 1984 on September 16, 2013. The principal activity of the Company is to build, own, operate and maintain a solar power plant having a total capacity of 100 MW in Lal Sohanra, Cholistan, Bahawalpur. The registered office of the Company is situated at 3rd Floor, 83A-E1, Gulberg III, Main Boulevard, Lahore, Pakistan.

### 2. Basis of preparation

**2.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

### 2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

#### 2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements.

#### 2.2.2 Exemption from applicability of certain interpretations to standards

SECP through SRO 24(I)/2012 has granted exemption from the application of International Financial Reporting Interpretation Committee (IFRIC) 4 'Determining whether an Arrangement contains a Lease' and IFRIC 12 'Service Concession Arrangements' to all companies. However, the SECP made it mandatory to disclose the impact of the application of IFRIC 4 or IFRIC 12 on the results of the companies.

As of June 30, 2014, the agreements relating to sale of electricity have not been finalized. Consequently, if the company were to follow IFRIC 4 or IFRIC 12, it would not have any significant impact on the company's financial statements as of June 30, 2014.

#### 2.2.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2014 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these financial statements.

### 3. Basis of measurement

**3.1** These financial statements have been prepared under the historical cost convention.



**3.2** The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- i) Estimated useful lives and residual values of property, plant and equipment - note 10.1
- ii) Provision for taxation - note 18

#### **4. Significant accounting policies**

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

##### **4.1 Taxation**

###### **Current**

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

###### **Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

##### **4.2 Property, plant and equipment**

Property, plant and equipment except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost.

Depreciation on property, plant and equipment is charged to profit on diminishing balance method so as to write off the depreciable amount of an asset over their estimated useful lives, at the rates given in note 10.1. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at June 30, 2014 has not required any adjustment as its impact is considered insignificant.

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Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment 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 amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised to profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognised 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 profit and loss account during the period in which they are incurred.

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 recognised as an income or expense.

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

### **4.3 Intangible assets**

Expenditure incurred to acquire computer software, is capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off. Amortisation is charged at rate mentioned in note 11

The Company assesses at each balance sheet date whether there is any indication that intangible may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

### **4.4 Leases**

The Company is the lessee:

#### **Operating leases**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease term.

### **4.5 Financial instruments**

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.



Financial instruments carried on the balance sheet include deposits, bank balances, borrowings, trade and other payables and accrued expenses. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### **4.6 Offsetting of financial assets and financial liabilities**

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

#### **4.7 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under markup arrangements.

#### **4.8 Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Liabilities for creditors and other costs payable are initially recognised at the fair value of the consideration to be paid in future for goods and/ or services, whether or not billed to the Company and subsequently measured at amortised cost using the effective interest method.

#### **4.9 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **4.10 Staff retirement benefit**

The company operates an unfunded gratuity scheme covering all permanent employees who complete prescribed qualifying period of service. The obligation under gratuity scheme is calculated on the basis of last drawn salary and length of service of the employee.

#### **4.11 Foreign currencies**

##### **a) Functional and presentation currency**

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



## b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

### 5. Issued, subscribed and paid up capital

This represents 1,000 ordinary shares of Rs 10,000 each held by The Government of Punjab - Energy Department and four nominee directors.

### 6. Share deposit money

This represents amount received from The Government of Punjab - Energy Department in respect of contribution towards equity of the Company.

### 7. Deferred liabilities

This represents provision for gratuity payable to the employees of the Company.

### 8. Trade and other payables

2014  
Rupees

Accrued Liabilities		2,986,667
Withholding tax payable		370,687
Other liabilities	- note 8.1	7,077,979
Payable to Directorate General Public Relations	- note 8.2	22,196,204
		<u>32,631,537</u>

8.1 Included in other liabilities are amounts due to executives of Rs 0.021 million.

8.2 This represents amount payable to Directorate General Public Relations in respect of advertisement expenses incurred on the ground breaking ceremony.

### 9. Contingencies and commitments

2014  
Rupees

#### 9.1 Commitments

Contract for capital expenditure		13,069,097,500
Contracts for other than capital expenditure		7,469,371,915
Commitment for trustee fee, and arrangement and advisory fee to Bank of Punjab, a related party		123,203,170

Commitment fee of 0.5% on unavailed facility for syndicate term finance towards BOP, a related party, as referred to in note 12.

### 10. Property, plant and equipment

Operating assets	- note 10.1	15,700,285
Capital work-in-progress	- note 10.2	4,585,200
		<u>20,285,485</u>



<b>11. Intangible assets</b>	<b>2014 Rupees</b>
Additions during the period	148,695
Amortization charge for the period	2,729
Net book value as at June 30	<u>145,966</u>

**11.1** Amortization charge for the period has been computed at the rate of 20% and has been charged to administrative expenses.

<b>12. Long term deposits and prepayments</b>		<b>2014 Rupees</b>
Prepayments	- note 12.1	1,195,833
Loan transaction costs	- note 12.2	12,577,479
Other deposits		400,850
		<u>14,174,162</u>

**12.1** This represents amount paid to Cholistan Development Authority against the lease of land for the period of 25 years.

**12.2** This represents transaction costs incurred in respect of the Syndicate Term Finance facility of Rs. 11,320.317 million provided by The Bank of Punjab ('BOP'), a related party, in pursuance of the Syndicate Term Finance Agreement dated June 13, 2014. The loan is secured by way of a first exclusive charge over all current and future assets of the Company and carries a markup of six months KIBOR plus 3%. This loan is repayable in 24 semi-annual installments starting from January 17, 2015. As at year end, the company has not drawn down any amount against this facility.

<b>13. Advances, deposits, prepayments and other receivables</b>		<b>2014 Rupees</b>
Interest accrued on saving account		41,203,636
Prepayments		1,274,020
Advance income tax		304,634
Other receivables	- note 13.1	242,735
Security deposits		1,917,654
		<u>44,942,679</u>

**13.1** Included in other receivables are amounts due from executives of Rs 0.102 million.

#### **14. Cash and bank balances**

This represents balance in saving account in Bank of Punjab, a related party, which bear annual markup of 7% per annum compounded monthly.



**September 16, 2013  
to June 30, 2014  
Rupees**

**15. Administrative expenses**

Salaries, wages and other benefits	- note 15.1	8,351,364
Rent, rates and taxes		3,951,828
Communication charges		297,360
Utilities		1,468,024
Entertainment charges		173,188
Advertisement and promotion		25,810,410
Legal and professional charges	- note 15.2	2,657,486
Travelling and conveyance		5,684,480
Repairs and maintenance		305,500
Printing and stationery		301,643
Insurance expense		32,220
Consultancy charges		6,547,745
Depreciation on property, plant and equipment		862,230
Amortization of intangible assets		2,729
Others		684,177
		<u>57,130,384</u>

**15.1** Salaries, wages and other benefits includes provision for gratuity of Rs. 0.592 million

**15.2** Legal and professional charges includes fee for statutory audit of Rs 750,000.

**16. Other income**

This represents interest on saving account during the period.

**17. Finance cost**

This represents bank charges paid during the period.

**18. Taxation**

In view of the gross loss of the Company, no provision for current tax under the Income Tax Ordinance, 2001 is considered necessary.

<b>19. Directors' remuneration</b>	<b>Chief Executive 2014 Rupees</b>	<b>Directors 2014 Rupees</b>	<b>Executives 2014 Rupees</b>
<b>Short term employee benefits</b>			
Managerial remuneration	1,586,667	-	8,301,722
Utilities	49,793	-	-
	<u>1,636,460</u>	<u>-</u>	<u>8,301,722</u>
Number of persons	1	13	7

**19.1** The Chief Executive and certain executives are also provided company maintained vehicles and telephone facility.

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## 20. Related party transactions

The related parties comprise of the Government of Punjab, principal shareholder, its associated undertakings, other related undertakings, and key management personnel. The company in normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables, contingencies and commitments are disclosed in note 9 and remuneration of key management personnel is disclosed in note 19. Other significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	2014 Rupees
Shareholders	Share deposit money received	3,809,785,114
	Issuance of share capital	10,000,000
Others	Advertisement expenses charged to the Company	22,196,204
	Rentals charged to the Company	935,227
	Salaries charged to the Company	333,750
	Interest income accrued during the period	41,203,636

All transactions with related parties have been carried out on mutually agreed terms and conditions.

	2014 Rupees
<b>21. Cash used in operations</b>	
Loss before taxation	(15,941,999)
Adjustment for:	
Depreciation on property, plant and equipment	862,230
Amortization of intangible assets	2,729
Finance costs	15,251
Staff retirement benefits	867,595
Loss before working capital changes	<u>(14,194,194)</u>
Effect on cash flow due to working capital changes:	
Increase in advances, deposits, prepayments and other receivables	(44,942,679)
Increase in trade and other payables	32,631,537
	<u><u>(26,505,336)</u></u>

## 22. Financial risk management

### 22.1 Financial risk factors

Overall risks arising from the company's financial assets and liabilities are limited.

#### (a) Market risk

##### (i) Currency risk

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



## (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 equity price risk since there are no investments in equity instruments traded in the market either classified as available-for-sale or at fair value through profit or loss at the reporting date. The company is also not exposed to commodity price risk since it does not hold any financial instrument based on commodity prices.

## (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 company's credit risk is primarily attributable to its balances with banks. The credit risk is limited because the counter parties are banks with reasonably high credit

The credit quality of Company's bank balance can be assessed with reference to external credit rating as

	<u>Rating</u> <u>Short term</u>	<u>Rating</u> <u>Long term</u>	<u>Rating</u> <u>Agency</u>	<u>2014</u> <u>Rupees</u>
Bank of Punjab (BOP)	A1+	AA-	PACRA	3,747,793,955

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

## (c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company's approach to managing liquidity is to ensure that, as far as possible, it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable loss or risking damage to the company's reputation.

All of the company's financial liabilities are payable within one year from the balance sheet date.

## 22.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability can be settled between knowledgeable willing parties in an arms length transaction and is determined on the basis of objective evidence at each reporting date.

### Loans and receivables

2014  
Rupees

## 22.3 Financial instruments by categories

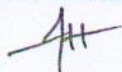
### Financial assets as per balance sheet

Advances, deposits, prepayments and other receivables  
Balances at bank

41,203,636

3,747,793,955

3,788,997,591





Financial liabilities  
at amortised cost

2014  
Rupees

**Financial liabilities as per balance sheet**

Trade and other payables

32,631,537

**22.4 Capital risk management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

**23. Number of employees**

2014

Total number of employees as at June 30

24

Average number of employees during the period

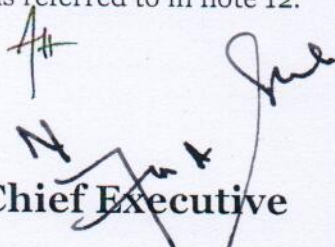
4

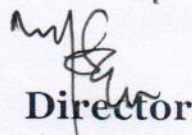
**24. Date of authorisation for issue**

These financial statements were authorised for issue on 9 October, 2014 by the Board of Directors of the Company.

**25. Events after the balance sheet date**

Subsequent to June 30, 2014, active construction has commenced on the Solar Power Project. Moreover, Rs 974.969 million have been disbursed by the Bank of Punjab, a related party, for the Syndicate Term Finance Facility as referred to in note 12.

  
Chief Executive

  
Director



10.1 Operating assets

	Additions	Cost as at June 30, 2014	Depreciation charge for the period	Accumulated depreciation as at June 30, 2014	Net Book value as at June 30, 2014	Rate of depreciation %
IT Equipment	1,614,608	1,614,608	219,873	219,873	1,394,735	40
Furniture and fixtures	2,329,260	2,329,260	115,272	115,272	2,213,988	25
Electric Equipment	623,935	623,935	35,403	35,403	588,532	20
Vehicles	11,994,712	11,994,712	491,682	491,682	11,503,030	20
	16,562,515	16,562,515	862,230	862,230	15,700,285	

10.1.1 Depreciation on Property, plant & equipment for the year has been charged to administrative expenses.

10.2 These include expenses incurred by the Company which directly relate to the solar power project.

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