

# Audited Project Financial Statements

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Project Number: 47094-001  
Loan/Grant Number: Loans 3090/3091/3092  
Period covered: 1 July 2014 to 30 June 2016

## PAK: Power Generation Project

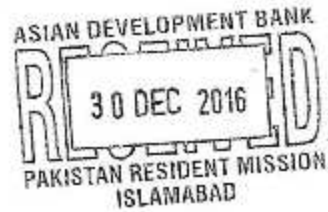
Prepared by Jamshoro Power Company Limited

For the Asian Development Bank  
Date received by ADB: 30 December 2016

The audited project financial statements are documents owned by the borrower. The views expressed herein do not necessarily represent those of ADB's Board of Directors, Management, or staff. These documents are made publicly available in accordance with ADB's Public Communications Policy 2011 and as agreed between ADB and the Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatization of the Islamic Republic of Pakistan.



**Financial Attest Audit Report on the  
Accounts of Jamshoro Power Generation  
Project, ADB Loan 3092-PAK (SF)  
Jamshoro Power Company Limited  
for the Financial Years 2014-15 & 2015-16**



**Auditor General of Pakistan Islamabad**

## Abbreviations and Acronyms

ADB	Asian Development Bank
BOD	Board of Directors
GCC	General Conditions of Contract
GOP	Government of Pakistan
JPCL	Jamshoro Power Company Limited
IPSAS	International Public Sector Accounting Standards
ISSAI	International Standards of Supreme Audit Institutions
PC-I	Planning Commission Pro-forma-I
PDEIP	Power Distribution Enhancement Investment Program
PMU	Project Management Unit
SCC	Special Conditions of Contract
WAPDA	Water and Power Development Authority
PIC	Project Implementation Consultant
ICB	International Competitive Bidding

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## PREFACE


The Auditor-General conducts audit subject to Article 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor-Generals (Functions, Powers and Terms and Conditions of Service) Ordinance 2001. The Audit of Jamshoro 2 X 600 MW (Net) Supercritical Coal Fired Power Project (ADB Loan-3092) was carried out accordingly.

The Directorate General Audit WAPDA conducted audit of the Jamshoro 2 x 600 MW (Net) Supercritical Coal Fired Power Project (ADB Loan-3092) during August 2016 for the financial years 2014-15 and 2015-16 with a view to reporting significant findings to the stakeholders. Audit examined the economy, efficiency, and effectiveness aspects of the Jamshoro 2 x 600 MW (Net) Supercritical Coal Fired Power Project (ADB Loan-3092). In addition, Audit also assessed, on test check basis, whether the management complied with applicable laws, rules, and regulations in managing the Jamshoro 2 x 600 MW (Net) Supercritical Coal Fired Power Project (ADB Loan-3092). The Audit Report indicates specific actions that, if taken, will help the management to realize the objectives of the Jamshoro 2 x 600 MW (Net) Supercritical Coal Fired Power Project (ADB Loan-3092).

The Report consists of two parts. Part-I contains Auditor's Report (Audit Opinion) and Financial Statements. Part-II contains Executive Summary, Management Letter and Audit Findings.

The Report has been prepared for submission to the Asian Development Bank in terms of Loan Agreement 3092 Jamshoro 2 x 600 MW (Net) Supercritical Coal Fired Power Project.

Dated: 27.12.2016  
Place: Lahore

  
**BILAL MAJEED**  
**DIRECTOR GENERAL**  
**AUDIT WAPDA, LAHORE**

## PART-I

1. PROJECT OVERVIEW
2. AUDITOR'S REPORT TO THE MANAGEMENT  
(AUDIT OPINION)
3. FINANCIAL STATEMENTS

## PROJECT OVERVIEW

Name of Project	Jamshoro 2 x 600 MW (Net) Supercritical Coal Fired Power Project (ADB Loan 3092-PK SF)
Sponsoring Authority	Asian Development Bank (ADB)
Executing Authority	Jamshoro Power Generation Company Limited (JPCL)
Loan No.	3092-PK (SF)
PC-I Cost	US\$ 1771.75 million
Loan Amount	US\$ 30.00 million
Date of Commencement	November 20, 2014
Actual Date of Commencement	November 20, 2014
Date of Completion (as per PC-I)	Unit No.01 (November, 2018) Unit No.02 (March, 2019)
Date of Approval by ECNEC	April 18, 2014
Loan Closing Date	March 31, 2019
Loan Utilization Status in F.Y 2014-15	US\$ 3.403 million (Pak Rs.346.603 million)
Loan Utilization Status in F.Y 2015-16	US\$ 3.147 million (Pak Rs.329.069 million)
Progressive Expenditure upto last F.Y 2015-16	---

## AUDITOR'S REPORT TO THE MANAGEMENT


We have audited the accompanying financial statements (pages 06-14) of the Jamshoro 2 x 600 MW (Net) Supercritical Coal Fired Power Project Jamshoro financed under the Asian Development Bank Loan No.3092 for the financial years 2014-15 & 2015-16.

These financial statements are the responsibility of the management of Jamshoro Power Generation Company Limited. Our responsibility is to express an opinion on the accompanying statements based on our audit.

We conducted our examination in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The JPCL's policy is to prepare the accompanying statements in the format agreed between the Asian Development Bank and the Government of Pakistan as noted in the Minutes of Negotiations for the Loan on a cash receipts and disbursements basis in which cash is recognized when received and expenses are recognized when paid, rather than when incurred. Since, no imprest account is being maintained in JPCL hence no bank reconciliation statements are prepared.

In our opinion, (A) the aforementioned financial statements and appended notes that were also the subject of the audit, fairly present in all material respects the financial position of the Jamshoro 2 x 600 MW (Net) Supercritical Coal Fired Power Project for the financial year 2014-15 & 2015-16 and the results of its operations for the years 2014-16, in conformity with International Public Sector Accounting Standards, applied on a basis consistent in all material respects with that of the previous years; (B) the JPCL has utilized all proceeds of the loan withdrawn from the Asian Development Bank only for purposes of the Project as agreed between the Asian Development Bank and JPCL in accordance with the Loan Agreement; and no proceeds of the loan have been utilized for other purposes; and (C) the JPCL was in compliance as at the date of the balance sheet of the year of audit with all financial covenants of the Loan Agreement.

  
**BILAL MAJEED**  
DIRECTOR GENERAL  
AUDIT WAPDA, LAHORE

Dated: 27.12.2016



## FINANCIAL STATEMENTS

Jamshoro Power Company Limited  
 2x660 MW Coal Power Project, Jamshoro- Loan No.3092  
 Statement of Comparison of Budget and Actual Amounts  
 For the year ended June 30, 2016

Note	2015-16		2014-15		
	Budget Amount	Actual Amount	Budget Amount	Actual Amount	
<b>Receipts</b>					
External Assistance	5	1,000,000,000	329,068,925	798,000,000	346,602,843
Counterpart funds	6	200,000,000	76,954,980	510,000,000	39,216,712
		<u>1,200,000,000</u>	<u>406,023,905</u>	<u>1,308,000,000</u>	<u>385,819,557</u>
<b>Payments</b>					
Land for Power Station and Colony		17,000,000		7,200,000	
Site Preparation and Engineering		25,000,000		14,400,000	
Handling of Fuel, Ash and Cooling Water System		42,000,000		18,000,000	
Plant and Equipment		400,000,000		240,000,000	
Civil Works		125,000,000		43,200,000	
Vehicles		8,000,000		7,200,000	
Consultancy Services	7	250,000,000	204,979,704	698,000,000	279,923,554
Operating Expenses	8	60,000,000	47,728,815	56,000,000	39,216,712
Financial and Commitment Charges	9	240,000,000	153,315,386	200,000,000	66,679,291
Others		33,000,000		24,000,000	
		<u>1,200,000,000</u>	<u>406,023,905</u>	<u>1,308,000,000</u>	<u>385,819,557</u>

The accompanying notes form an integral part of these financial Statements and are to be read therewith.

  
 PROJECT DIRECTOR

**Jamshoro Power Company Limited**  
**2x660 MW Coal Power Project, Jamshoro-Loan No.3092**  
**Notes to the Receipts and Payments Account**  
**For the year ended June 30, 2016**

**1. Reporting Entity**

The financial statements are for Jamshoro Power Company Limited in respect of Asian Development Bank (ADB) Loan No. 3090-PAK, 3091-PAK & 3092-PAK (SF). The financial statements and encompasses the reporting entity as defined in the loan agreement between Islamic Republic of Pakistan and ADB as well as Project agreement signed between Jamshoro Power Company Limited and Asian Development Bank (ADB). These agreements were signed on 12.02.2014 for US\$ 900 Million. The project become effective from 20.11.2014.

The objective of Jamshoro Power Company Limited's Projects is to produce electricity from Coal.

**2. Certification by Project Management on Application of funds.**

The Jamshoro Power Company Limited project management certified that the funds have been applied/expenditure have been incurred for the purposes intended in the loan/project.

**3. Accounting Convention and Statement of Compliance.**

The financial statements have been prepared in accordance with Cash Basis IPSAS Financial Reporting under the Cash Basis of Accounting.

The accounting policies have been applied consistency throughout the period.

**4. Significant accounting policies.**

**4.1 Foreign currency Transaction.**

Cash Receipts and payments arising from transactions in foreign currencies are recorded in Pak Rupee by applying to the foreign currency amount, the exchange rate between the Pak Rupee and the Foreign Currency at the date of the receipts and payments. Exchange differences arising settlement of these transactions are recognized in the Statement of Receipts and payments.

**4.2 Reporting Currency.**

All amounts in the financial statements are in Pak Rupees.

**4.3 Revenue Recognition.**

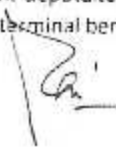
Revenue is recognized on the date of receipt of money by bank or clearance of cheque. Revenue is recognized on gross basis and any related costs are recorded separately.

**4.4 Recognitions of Expenditures.**

Expenditure is recognized on the date when payment is made or cheque is issued. Financial year to which the payments pertain is determined by the date on which a cheque or payment advice is issued.

**4.5 Employee Terminal Benefits.**

Services benefits of government deputations employees are accounted for in their respective departments while no service terminal benefits are paid to the contractual employees.



Jamshoro Power Company Limited  
 2x660 MW Coal Power Project, Jamshoro-Loan No.3092  
 Notes to the Receipts and Payments Account  
 For the year ended June 30, 2016

Note.5 External Assistance

External assistance was received in the form of credit from the Asian Development Bank under Loan agreement dated November 20, 2014 between the Asian Development Bank and Government of Pakistan (GOP) for the purpose of the 2x 660 Coal Power Project, Jamshoro. The following amounts were received by the project during the period.

Loan No.3092 (Special Fund)	2015-16		2014-15	
	US\$	Rs.	US\$	Rs.
SOE Procedures				
Direct Payment	2,720,517	329,068,925	3,403,258	345,602,845
Commitment Letter				
	<u>2,720,517</u>	<u>329,068,925</u>	<u>3,403,258</u>	<u>345,602,845</u>

  
 PROJECT DIRECTOR

**Jamshoro Power Company Limited**  
**2x660 MW Coal Power Project, Jamshoro-Loan No.3092**  
**Notes to the Receipts and Payments Account**  
**For the year ended June 30, 2016**

		<u>2015-16</u>	<u>2014-15</u>
		Rs.	
<b>Note. 6</b>	Counterpart funds (See Note 8 Below)	76,954,980	39,216,712
<b>Note. 7</b>	Consultancy Service PIC	204,979,704	279,923,554
<b>Note. 8</b>	Operating Expense		
	Remuneration and Salaries	18,210,587	18,460,520
	General Operating Expenses <b>8.1</b>	29,518,228	20,756,192
		<u>47,728,815</u>	<u>39,216,712</u>
<b>Note 8.1</b>	General Operating Expenses		
	Telephone	15,833	-
	Advertisement and Publicity	766,275	-
	Printing and Stationary	444,662	232,010
	Travelling	9,923,098	396,338
	Consultancy for Tariff Petition	-	1,785,462
	Nepra Licence Fee	17,488,142	18,332,464
	Legal Expenses	643,735	-
	Postage and Telegram	41,834	-
	other Expenses	194,649	9,918
		<u>29,518,228</u>	<u>20,756,192</u>
<b>Note. 9</b>	Financial and Commitment Charges	<u>153,315,386</u>	<u>66,679,291</u>

These financial statements have been authorized for issued by the Project Director on

  
**PROJECT DIRECTOR**

Jamshoro Power Company Limited  
 2x660 MW Coal Power Project, Jamshoro- Loan No.3092  
 Details of Withdrawal from ADB Loan- (Direct Payment)

2014-15							
Sr. No.	WA	Name of Consultant	Contract No.	Value Date	Accounting Month	Amount US\$	Amount in PKR
1	0001	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	April 23, 2015	201504	449,841	45,775,770
2	0002	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	April 29, 2015	201504	2,279,010	234,147,744
						<u>2,748,841</u>	<u>279,923,554</u>

2015-15							
Sr. No.	WA	Name of Consultant	Contract No.	Value Date	Accounting Month	Amount US\$	Amount in PKR
1	0003	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	September 20, 2015	201509	<del>769,093</del>	80,139,481
2	0004	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	October 23, 2015	201510	<del>98,810</del>	9,566,803
3	0005	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	November 20, 2015	201510	<del>218,145</del>	23,014,298
4	0005	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	November 23, 2015	201510	<del>4,122</del>	348,447
5	0007	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	December 20, 2015	201511	<del>52,675</del>	5,504,828
6	0008	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	December 23, 2015	201511	<del>84,262</del>	8,805,332
7	0010	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	January 20, 2016	201601	<del>95,135</del>	9,979,347
8	0011	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	January 23, 2016	201601	<del>1,935</del>	202,860
9	0012	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	January 23, 2016	201601	<del>16,154</del>	1,714,454
10	0013	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	February 20, 2016	201602	<del>45,191</del>	5,031,140
11	0014	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	March 20, 2016	201603	<del>131,019</del>	13,785,574
12	0015	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	May 20, 2016	201604	<del>115,150</del>	12,044,630
13	0015	Mott MacDonald Ltd in J.V. MMP (Pvt) Ltd	CS-IPGP-01	May 20, 2016	201604	5,415	5,691,809
						<u>1,682,403</u>	<u>175,829,548</u>

  
 Project Director



**JAMSHORO POWER CO. LTD**  
A GoP OWNED CORPORATE ENTITY

Chief Executive Officer

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No. CEO/JPCL/1320MWCFFP/ 15479

Dated: 27-09-2016

Mr. Matloob Hussain,  
Inspecting Officer,  
WAPDA (Audit).

**Subject: Imprest Account Certificate in Respect of ADB Loan No. 3092-Pak (Jamshoro Power Generation Project).**

It is certified that No Imprest Account is being maintained by Project Implementation Unit, Coal Fired Power Project Jamshoro for ADB Loan No. 3092-Pak. Hence, No Bank Reconciliation Statement is prepared in the subject case.

  
Chief Executive Officer  
JPCL, GENCo-I, Jamshoro

Distribution:-

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