

# Audited Project Financial Statements

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Project Number: 42378-016  
Loan 3087  
Period covered: 01 July 2014 to 30 June 2015

## Bangladesh: Power System Expansion and Efficiency Improvement Program – Tranche 2

Prepared by the Ministry of Energy, Power, and Mineral Resources and Dhaka Electric Supply  
Company Limited

For the Asian Development Bank  
Received on 14 December 2015

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**Private and Confidential**  
**Audit Report and Financial Statements**

**OF**

**DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)**

**HOUSE NO-22/B, FARUK SARANI**

**NIKUNJA-2, DHAKA-1229.**

**FOR THE YEAR ENDED 30 JUNE 2015**

## TABLE OF CONTENTS

Sl. No.	Particulars	Page No.
01	Auditors' Report	1-2
02	Statement of Financial Position	3
03	Statement of Comprehensive Income	4
04	Statement of Cash Flows	5
05	Statement of Changes in Equity	6
06	Notes to the Financial Statements	7-27
07	Fixed Assets Schedule (Annexure-01)	28

**AUDITORS' REPORT TO THE SHAREHOLDERS  
OF  
DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)**

We have audited the accompanying financial statements of **DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)** which comprise the Statement of Financial Position as at 30 June 2015, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended 30 June 2015 and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRSs)/ Bangladesh Accounting Standards (BASs), 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion:**

**Reference to Note No. 1.4.2.3**

1. DESCO acquired assets from DESA, for an amount of Tk. 2,793,960,000, but the value of these assets were estimated by DESCO, not by any independent valuation firm.
2. The management of the company did not make provision for WPPF & WWF as per Section 234 of Bangladesh Labour Law (Amended) 2013.


**Opinion**

In our opinion, **except for the effects of the matter determined in the basis for qualified opinion paragraphs**, the financial statements present fairly, in all material respects, the financial position of **DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)** as at 30 June 2015 and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards (BFRSs)/ Bangladesh Accounting Standards (BASs) and comply with the applicable section of companies Act, 1994, the Securities & Exchange Rule, 1987 and other applicable laws and regulations.

We also report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books;
- c) The Company's Statement of financial position, dealt with by the report are in agreement with the books of accounts; and
- d) The expenditure incurred was for the purpose of the company's business.

Dated: Dhaka, 21 October 2015

  
MABS & J Partners  
Chartered Accountants

## DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)

## Statement of Financial Position

As at 30 June 2015

Particulars	Note	Amount in Taka	
		30 June 2015	30 June 2014
<b>Assets</b>			
<b>Non Current Assets:</b>		<b>13,077,369,673</b>	<b>12,547,692,108</b>
Property, Plant & Equipment	2	11,414,491,554	11,250,601,203
Capital Work -in- Progress	3	1,662,878,119	1,297,090,905
<b>Current Assets:</b>		<b>25,465,735,347</b>	<b>22,858,480,949</b>
Stores and Spares	4	3,683,150,440	2,231,837,839
Accounts Receivable	5	3,678,728,856	3,416,462,871
Advances & Security Deposits	6	2,106,756,139	964,110,427
Advance Income Tax	7	786,445,247	653,229,855
Cash and Cash Equivalents	8	15,210,654,665	15,592,839,958
<b>Total Assets</b>		<b>38,543,105,020</b>	<b>35,406,173,057</b>
<b>Equity &amp; Liabilities</b>			
<b>Capital &amp; Reserves:</b>		<b>12,933,033,213</b>	<b>11,296,252,581</b>
Share Capital	17	3,786,379,090	3,442,162,810
Share Money Deposit	18	75,000,000	75,000,000
GOB Equity	19	1,552,140,000	1,552,140,000
Retained Earnings	20	7,519,514,123	6,226,949,770
<b>Long Term Liabilities:</b>		<b>14,587,572,342</b>	<b>14,598,934,710</b>
Long Term Loans (ADB & GOB)	21	7,087,317,660	7,237,725,115
Deferred Tax Liability	35.2	1,744,550,219	1,813,821,843
Due to DESA / DPDC (for assets taken over)	22	4,039,671,539	4,039,671,539
Consumer Security Deposits	23	1,716,032,924	1,507,716,212
<b>Current Liabilities:</b>		<b>11,022,499,465</b>	<b>9,510,985,767</b>
Accounts Payable	9	5,272,108,117	4,995,724,089
Creditors for Goods/Works	10	692,931,275	671,560,140
Creditors for Other Finance	11	1,526,366,090	1,437,034,118
Creditors for Expenses	12	284,210,647	263,788,472
Current Maturity of Long Term Loans	13	655,982,264	578,873,064
Accrued Interest on Loans	14	1,426,060,584	1,214,022,035
Short Term Loan	15	389,997,942	-
Provision for Income Tax	16	774,842,546	349,983,848
<b>Total Equity &amp; Liabilities</b>		<b>38,543,105,020</b>	<b>35,406,173,057</b>

The accounting policies and other notes from 1 to 43 and Annuxer-A form an integral part of these Financial Statements.

*Z. P. D.*  
Company Secretary

*[Signature]*  
Executive Director (F&A)

*[Signature]*  
Director

*[Signature]*  
Managing Director

Signed in terms of our separate report of even date annexed.

Dated: Dhaka, 21 October, 2015

*[Signature]*  
MABS & J Partners

**Dhaka Electric Supply Company Limited (DESCO)**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2015**

Particulars	Note	Amount in Taka	
		2014-15	2013-14
<b>Operating Revenue:</b>		<b>27,965,629,581</b>	<b>24,993,544,643</b>
Energy Sales (Net of VAT)	24	27,358,150,352	24,431,027,925
Other Operating Revenue	25	607,479,229	562,516,718
<b>Cost of Energy Sales:</b>		<b>25,427,097,318</b>	<b>24,062,546,236</b>
Energy Purchase (including wheeling charge)	26	24,344,811,425	22,898,054,461
Operating Expenses	27	382,325,650	466,616,468
Depreciation (Operating)	34	699,960,243	697,875,307
<b>Gross Profit</b>		<b>2,538,532,264</b>	<b>930,998,407</b>
<b>Cost &amp; Expenditure:</b>		<b>1,556,024,075</b>	<b>1,335,550,184</b>
Administrative Expenses	28	277,836,378	255,198,902
Employee Expenses	29	1,216,810,826	1,029,184,618
Bad Debts Provision	5.2	17,615,689	17,749,648
Depreciation (Non Operating)	34	43,761,182	33,417,017
<b>Operating Profit/Loss</b>		<b>982,508,189</b>	<b>(404,551,778)</b>
<b>Non Operating Income/(Expense)</b>		<b>1,007,950,993</b>	<b>1,331,097,631</b>
Interest Income	30	1,230,813,362	1,620,716,677
Interest Expenses	31	(332,517,660)	(320,223,260)
Exchange Fluctuation Gain/ (Loss)	32	71,982,463	18,673,149
Miscellaneous Income	33	37,672,828	11,931,065
<b>Net Profit Before Tax</b>		<b>1,990,459,182</b>	<b>926,545,854</b>
<b>Income Tax :</b>		<b>(355,587,073)</b>	<b>(257,907,534)</b>
Current Tax Provision	35.1	(424,858,698)	(139,979,522)
Deferred Tax Provision	35.2	69,271,625	(117,928,012)
<b>Net Profit After Tax</b>		<b>1,634,872,109</b>	<b>668,638,320</b>
<b>Basic Earnings per Share (Adjusted)</b>	36	<b>4.32</b>	<b>1.77</b>

The accounting policies and other notes from 1 to 43 and Annexer-A form an integral part of these Financial Statements.

*Z. J. d.*  
Company Secretary

*[Signature]*  
Executive Director (F&A)

*[Signature]*  
Director

*[Signature]*  
Managing Director

Signed in terms of our separate report of even date annexed.


Dated: Dhaka, 21 October, 2015

*[Signature]*  
MABS & J Partners  
Chartered Accountants

**Dhaka Electric Supply Company Limited (DESCO)**  
**Statement of Cash Flows**  
**For the year ended 30 June 2015**

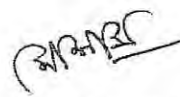
Particulars	Amount in Taka	
	30 June 2015	30 June 2014
<b>A. Cash Flows from Operating Activities:</b>		
Received from Energy Sales	27,763,557,716	24,719,689,481
Collection of Govt. Duty, VAT & Tax	1,620,108,451	1,359,151,858
Received from Other Operating & Non Operating Activities	890,583,078	668,307,366
Received against Financial Income	1,229,972,673	1,620,713,211
Payment for Energy Purchase	(24,069,293,346)	(22,358,103,140)
Payment for Employee Expenses	(1,216,810,826)	(899,337,438)
Payment for Administrative & Other Expenses	(1,241,469,781)	(867,631,717)
Payment for Interest on Long Term Loan	(91,863,540)	(80,004,488)
Income Tax Paid	(133,591,438)	(204,310,915)
Payment for Govt. Duty, VAT & Tax	(1,618,974,623)	(1,323,771,148)
<b>Net Cash Flows from Operating Activities</b>	<b>3,132,218,365</b>	<b>2,634,703,070</b>
<b>B. Cash Flows from Investing Activities:</b>		
Acquisition of Property & Plant	(1,305,595,836)	(783,763,669)
Acquisition of Stores & Equipment	(2,776,969,354)	(1,880,985,472)
<b>Net Cash used in Investing Activities</b>	<b>(4,082,565,190)</b>	<b>(2,664,749,141)</b>
<b>C. Cash Flows from Financing Activities:</b>		
Loan Received	778,944,726	-
Dividend Paid	(38,781,933)	(420,878,092)
Long Term Loan Paid	(380,235,201)	(274,257,214)
Consumer Security Deposits Received	208,233,941	192,413,517
<b>Net Cash Flows from Financing Activities</b>	<b>568,161,533</b>	<b>(502,721,789)</b>
<b>D. Cash &amp; Cash equivalents increase /(decrease) during the year</b>	<b>(382,185,293)</b>	<b>(532,767,860)</b>
<b>E. Cash &amp; Cash equivalents at the beginning of the year</b>	<b>15,592,839,958</b>	<b>16,125,607,818</b>
<b>F. Cash &amp; Cash Equivalents at the Ending of the Year</b>	<b>15,210,654,665</b>	<b>15,592,839,958</b>

The accounting policies and other notes from 1 to 43 and Annexer-A form an integral part of these Financial Statements.

  
**Company Secretary**


  
**Executive Director (F & A)**

  
**Director**

  
**Managing Director**

Signed in terms of our separate report of even date annexed.

Dated: Dhaka, 21 October, 2015

  
**MABS & Partners**  
Chartered Accountants



**DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2015**

Particulars	Note	Share Capital	Share Money Deposit	GOB Equity	Retained Earnings	Total
Balance at 01 July 2014		3,442,162,820	75,000,000	1,552,140,000	6,226,949,770	11,296,252,580
Net profit for the year		-	-	-	1,634,872,109	1,634,872,109
Priors year's adjustment	37	-	-	-	174,016,667	174,016,667
Stock Dividend		344,216,270	-	-	(344,216,270)	-
Cash Dividend		-	-	-	(172,108,141)	(172,108,141)
<b>Balance at 30 June 2015</b>		<b>3,786,379,090</b>	<b>75,000,000</b>	<b>1,552,140,000</b>	<b>7,519,514,135</b>	<b>12,933,033,215</b>

**For the year ended 30 June 2014**

Particulars	Note	Share Capital	Share Money Deposit	GOB Equity	Retained Earnings	Total
Balance at 01 July 2013		2,993,185,063	75,000,000	1,552,140,000	6,145,810,152	10,766,135,215
Net profit for the year		-	-	-	668,638,320	668,638,320
Priors year's adjustment	37	-	-	-	160,797,563	160,797,563
Stock Dividend paid		448,977,757	-	-	(448,977,757)	-
Cash Dividend paid		-	-	-	(299,318,506)	(299,318,506)
<b>Balance at 30 June 2014</b>		<b>3,442,162,820</b>	<b>75,000,000</b>	<b>1,552,140,000</b>	<b>6,226,949,772</b>	<b>11,296,252,580</b>

The accounting policies and other notes from 1 to 43 and Annexur-A form an integral part of these Financial Statements.

*E. B. A.*  
Company Secretary

*[Signature]*  
Executive Director (F & A)

*[Signature]*  
Director

*[Signature]*  
Managing Director

Signed in terms of our separate report of even date annexed.

Dated: Dhaka, 21 October 2015

*[Signature]*  
MABS & J Partners  
Chartered Accountants

**DHAKA ELECTRIC SUPPLY COMPANY LIMITED (DESCO)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2015**

**1. Legal Status & Nature of the Company, Significant Accounting Policies and other Relevant Information:**

**1.1 Legal Status:**

Dhaka Electric Supply Company Limited (DESCO) was incorporated as a Public Limited Company by shares, on 03 November, 1996 with an Authorized Capital of TK.5, 000 million divided into 500 million ordinary shares of Tk.10 each as per SEC notification no SEC/CM RRCD/2009-193/109, dated: 15/09/2011. The shares of the Company have been listed and are being traded in Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) since 2006.

**1.2 Principal Activities:**

The main objective of the Company is to distribute electricity to its consumers effectively and efficiently. DESCO started its operation from 24 September 1998 in Mirpur area and as per Govt. decision the operation of greater Gulshan area was added from 09 April 2003. Further on 04 March 2007 operation of Tongi Area was also handed over from DESA to the Company.

**1.3 Basis of Accounting:**

The Financial Statements have been prepared on historical cost convention in accordance with Bangladesh Accounting Standards (BASs), **except where otherwise mentioned**, and are in compliance with the relevant requirements of the Companies Act, 1994, the Securities and Exchange Rules 1987 and other applicable laws and regulations.

**1.4 Property, Plant & Equipment:**

**1.4.1 Valuation of Property, Plant & Equipment Purchased by DESCO**

All property, plant & equipment purchased by DESCO are recorded at cost considering its purchase price and any directly attributable cost of bringing the assets to working condition for intended use inclusive of inward freight, duties and non-refundable taxes.

**1.4.2 Valuation of Assets taken over from DESA**

1.4.2.1 Property, plant & equipment taken over from the Dhaka Electric Supply Authority (DESA) in the Mirpur area have been valued at Tk.1, 271.194 million as per joint survey report between DESA and DESCO, while those of Gulshan and Tongi areas have been provisionally estimated by DESCO at Tk.1,998.92 million and Tk.795.04 million respectively.

1.4.2.2 DESCO also took over two Grid Substations (Bashundhara and Uttara) from DESA at provisional estimated cost of Tk.1, 245.71 million, including cost of land, as per Vendor Agreement signed between DESCO and DESA.

1.4.2.3 Independent valuers had been appointed to physically verify and value the assets taken over by the company from DESA. The valuers have submitted their draft report which has been placed by the management before the Board for finalization.

**1.4.3 Depreciation:**

1.4.3.1 Depreciation is charged at straight-line method at rates varying from 2% to 20% depending on category and economic life of the assets as under:

<u>Categories</u>	<u>Rate (%)</u>
Land & Land Development	Nil
Building & other Constructions	2.5%
Distribution Equipment & Cables	3%-10%
Furniture & Fixtures	10%
Office Equipment	15%-20%
Motor Vehicles	20%

1.4.3.2 The company has acquired 0.1532 acres land from National Housing Authority (NHA) at Tk. 7.45 lac on 99 years lease in the year 2005. The amortization of the cost of this land would have been Tk. 7,529/- per year, which would not have any 'material impact' on the profitability of the company, hence no amortization has been considered.

1.4.3.3 Full year's depreciation is charged on assets acquired during the year and put into use for six months and over, while no depreciation is charged on assets acquired for less than six months during the year.

1.4.3.4 Depreciation on the assets taken over in Gulshan and Tongi area has been charged on the value and economic life as provisionally estimated by DESCO.

**1.5 Stores and Spares:**

Stores and spares have been stated at the lower of cost and net realizable value in accordance with BAS 2 "Inventories", after making due allowance for any obsolete or slow moving items. The cost of inventories is assigned by using weighted average cost method.

**1.6 Foreign Currency Translation:**

Foreign currency transactions are translated into Taka at exchange rates prevailing on the respective dates of transaction, while foreign currency monetary liabilities at the end of the year are reported at the rate prevailing on the balance sheet date. Exchange losses/gain arising out of the said conversion is recognized as expense/income for the year in accordance with BAS-21.

**1.7 Revenue Recognition:**

- (a) The Company recognizes revenue of energy on issue of bills to the consumers for consumption of energy, demand charge, service charge, meter and transformer rent.
- (b) Other operating income arising from connection/disconnection fees, bills against materials, meter-testing fees, LPC (Late Payment Charge) etc, are recognized on cash basis.
- (c) Interest on short-term deposits (STD) and on FDR's with banks is recognized as income on cash basis

**1.8 Statement of Cash Flows:**

Statement of Cash Flows is prepared principally in accordance with BAS 7 "Statement of Cash Flows" and the cash flow from operating activities has been presented under the direct method as required by the Securities and Exchange Rules 1987 and considering the provisions that "Enterprises are encouraged to Report Cash Flows from Operating Activities using the Direct Method"

**1.9 Accounts Receivable:**

Accounts Receivable for energy is stated at realizable amount less provision for doubtful debts. The company provides for doubtful debts @ 0.5% of Accounts Receivable against consumers balance standing at the balance sheet date, as decided by the Board of Directors at the meeting held on 17.04.2005.

**1.10 Related Party Transaction:**

- (a) The 'related party' as per BAS-24 is Bangladesh Power Development Board (BPDB), which holds 75% of the total shares outstanding.
- (b) The Company entered into contract with Bureau of Research, Testing & Consultation (BRTC), and BUET for technical assistance in prepaid metering pilot project for production of prepaid meters, e-governance and Data Acquisition System. BUET is represented on the company's Board.

**1.11 Earnings per Share:**

- (a) **Basic Earnings per Share (BEPS):** Basic Earnings per share has been calculated by dividing the earnings attributable to the number of shares (ordinary) outstanding during the year. However, neither the "GOB Equity" nor the "Share Deposit" amounts have been considered for determining BEPS and no shares have been allotted against these receipts.
- (b) **Weighted average Number of shares Outstanding during the year:** This represents the number of ordinary shares Outstanding at the beginning of the year plus the year the numbers of ordinary shares issued during the year multiplied by a time weighting factor. The time weighting factor is the number of days the specific shares are outstanding as a proportionate of the number of days in the year.
- (c) **Diluted Earnings Per Share:** No diluted Earnings per share was required to be calculated for the year under review as there is no scope for dilution of Earnings per share for the year.

**1.12 Retirement Benefit Plans:**

- (a) **Contributory Provident Fund**  
The Company maintains a Contributory Provident Fund (CPF), recognized by the National Board of Revenue (NBR), under which the employees contribute 10% of their basic salary to the fund. The company contributes an equal amount. The fund is managed and operated by a Board of Trustees. The net earnings of the fund are apportioned to the Fund member's accounts at the end of the year.
- (b) **Gratuity**  
The Company maintains a Gratuity Fund, approved by the NBR under Income Tax Ordinance, 1984. Under the Gratuity Scheme, the company pays to a retired employee, having completed at least 3 (three) years of service, at the rate of two and half months' last drawn basic salary for every completed year of service. The company pays to the fund for the liability at the end of each year considering the number of years of service of employees eligible under the scheme.  
  
The liability shown in the Balance Sheet does not reflect the present value of the expected payments by the company's retirement plan to existing and past employees attributable to the service already rendered and is therefore not in compliance with BAS 26.
- (c) **Group Insurance**  
The Company has taken Group Endowment policy for its employees and provision for the premium on the coverage is made annually.

**1.13 Taxation:**

**(a) Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differ from net profit as reported in the income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**(b) Deferred Tax Liability**

The Company accounts for deferred tax liability as per Bangladesh Accounting Standard (BAS-12). Deferred Tax is provided using the liability method for all temporary timing difference arising between the tax base of assets and liabilities and their carrying value for financial reporting purposes. An appropriate proportion of provision has been considered in calculating temporary timing difference. Tax rate prevailing at the balance sheet date is used to determine deferred tax liability.

**1.14 Borrowing Cost:**

Interest on borrowed funds for ongoing projects is charged as expense.

**1.15 Reporting Currencies:**

The financial statements presented are stated in Bangladesh Taka and rounded off to the nearest integer.

**1.16 Reporting Period:**

The accounting year of the company covers the year ended from 1 July 2014 to 30 June 2015.

Amount in Taka	
2014-15	2013-14

**02.00 Property, Plant & Equipment:**

Cost:

**Opening Balance**

Less: Disposal of distribution equipment (Note 02.01)

Additions during the year (02.01)

**Closing Balance**

Depreciation:

**Opening Balance**

Less: Adjustment for disposals (Note 02.01)

Charged for the year

**Closing Balance**

**Written Down Value (WDV)**

17,657,038,550	16,598,753,936
(95,882,460)	(96,040)
17,561,156,090	16,598,657,896
952,879,264	1,058,380,654
18,514,035,354	17,657,038,550
6,406,437,347	5,675,180,379
(50,614,973)	(35,356)
6,355,822,374	5,675,145,023
743,721,425	731,292,324
7,099,543,799	6,406,437,347
<b>11,414,491,554</b>	<b>11,250,601,203</b>

02.01 Detail of addition & disposals of assets are shown in **Annexure-1** attached.

**03.00 Capital Work -in- Progress:**

33/11KV OH/UG Cable Line (Note 03.01)

33/11Kv Sub- Station - Turnkey Project (Note 03.02)

Construction of Workshop Building & Others (Note 03.03)

**Total**

22,036,587	40,645,255
1,580,700,375	1,252,914,219
60,141,157	3,531,431
<b>1,662,878,119</b>	<b>1,297,090,905</b>

03.01 33/11kv overhead & under ground cable works are in progress at Mirpur, Gulshan and Tongi circle respectively. The total contract price of the works is Tk. 242.40 million.

03.02 The Company entered into an agreement with Ideal Enterprise to implement 8(Eight) nos. 33/11Kv Sub- Station under DESCO Fund . The total contract price is Tk 1,503.31 million

03.03 Civil work under work in process at DESCO Mirpur area (Workshop Building, Paik Para & Kazi Para S/S) & Uttara office Building. The total contract price of the works is Tk.126.65 million.

**04.00 Stores & Spares :**

Stores & Spares (Note-04.01)

Stores in Transit (Note-04.02)

**Total**

3,681,656,839	2,228,139,842
1,493,601	3,697,997
<b>3,683,150,440</b>	<b>2,231,837,839</b>

**04.01 Cost of Stores & Spares**

Cable & Accessories

Pole & Pole fittings

Distribution transformers

Meter & Meter accessories

Sub-station equipment & spares

Tools, equipment & others

**Total:**

2,218,489,094	1,037,429,356
257,170,204	403,506,756
326,132,952	302,265,232
450,588,890	100,732,196
325,690,846	303,593,915
103,584,853	75,612,388
<b>3,681,656,839</b>	<b>2,228,139,842</b>

04.02 This represents cost of materials, including L/C charge and Pre -Shipment- Inspection (PSI) expenses, paid against import of materials for which post landing inspection (PLI) has not been completed.

04.03 Stores & spares have been valued at weighted average cost method.

	Amount in Taka	
	2014-15	2013-14
<b>05.00 Accounts Receivable:</b>		
Receivable from consumers -(Note 05.01)	3,622,226,362	3,549,929,583
Less: Provision for doubtful debts (Note 05.02)	(116,704,084)	(228,014,587)
	<b>3,505,522,279</b>	<b>3,321,914,996</b>
Receivable from BPDB against materials & others (Notes 05.03)	57,693,075	57,562,286
Receivable from DPDC against materials & others (Notes 05.04)	8,720,300	8,589,511
Receivable from BREB against materials	86,754,041	-
Contribution to Provident Fund	-	23,036
Contribution to Gratuity Fund	51,567	6,797,487
Expenses recoverable from employees	604,087	623,495
Advertisement cost recoverable from other utility organization and others	19,383,508	20,952,060
<b>Total:</b>	<b>3,678,728,856</b>	<b>3,416,462,871</b>

05.01 Receivable from consumers are categorized as follows :

Government (Eqv. month 5.92, 2013-14 : 6.55)	579,096,795	571,989,153
Semi- Government/Autonomous (Eqv. month 2.21, 20013-14 :1.45)	282,555,101	174,186,468
Private (Eqv. Month 1.59, 2013-14 :1.66)	2,760,574,466	2,803,753,961
<b>Average ( Eqv. Month 1.85, 2013-14: 1.87)</b>	<b>3,622,226,362</b>	<b>3,549,929,583</b>

05.02 Provision of Tk 18,073,120 - has been made this year @ 0.5% of the receivables amount outstanding at the balance sheet date, as per Company's policy.

This balance has been arrived at as under:

Opening Balance	99,088,395	100%	99,088,395	228,014,587
Add: Adjustment	3,523,137,967	0.50%	17,615,689	-
Total Cumulative provision			116,704,084	-
<b>Total</b>			<b>116,704,084</b>	<b>228,014,587</b>

05.03 This balance has been arrived at as under:

Receivable from BPDB against materials supplied	55,472,107	55,472,107
Receivable from BPDB against advertising	2,090,179	2,090,179
Receivable against advertisement during the year	130,789	-
	<b>57,693,075</b>	<b>57,562,286</b>

05.04 This balance has been arrived at as under:

Receivable from DPDC against Material supplies	2,686,187	2,686,187
Receivable against Advertisement	5,903,324	5,903,324
Receivable against advertisement during the year	130,789	-
<b>Closing Balance</b>	<b>8,720,300</b>	<b>8,589,511</b>

**06.00 Advances & Security Deposits:**

**A) Advances:**

Against goods and services (Note 06.01)	18,251,712	114,256,295
Against goods for imported materials (Note 06.02)	369,316,238	-
Advance against office rent	14,037,776	10,858,939
Advance to Rajuk against Land purchase	1,598,771,400	747,302,600
Prepayment	42,963,981	42,816,276
Others ( Note 06.03)	14,200,552	11,160,740
<b>Sub-Total:</b>	<b>2,057,541,659</b>	<b>926,394,850</b>



**B) Security Deposits:**

Telephone/ Mobile	
Dhaka City Corporation (against road cutting)	
Dhaka WASA	
Central Depository Bangladesh Ltd (CDBL)	
Bangladesh Railway	
Others	
<b>Sub-Total:</b>	
<b>Total (A+B)</b>	

Amount in Taka	
2014-15	2013-14
706,621	706,621
46,663,298	35,276,354
10,411	10,411
500,000	500,000
300,000	300,000
1,034,150	922,190
<b>49,214,481</b>	<b>37,715,577</b>
<b>2,106,756,139</b>	<b>964,110,427</b>

- 06.01 Advance against goods & services includes Tk. 8.00 million paid to Bangladesh Power Development Board (BPDB) against purchase of spun pre-stressed concrete (SPC) poles, Tk.9.60 million paid to Microtech for purchase of conductor accessories
- 06.02 Against goods for imported materials includes Tk 58.14 million paid to South chaina Electric company Ltd ,Tk 85.80 millon paid to Suprem & Co Pvt. Ltd and Tk 225.36 millon paid toTBEA Deyang Cable Co. Ltd ( Paid from ADB under loan no 3087, excluded from LC)
- 06.03 Advance to others include Tk. 1.08 million against CFL bulb distribution ,Tk. 2.50 million paid to BERC for Licence fee and Tk. 6.15 million paid to employee for purchase of goods.

**07.00 Advance Income Tax:**

Income Tax paid for 2011-12	
Income Tax paid for 2012-13	
Income Tax paid for 2013-14 (Note-07.01)	
Income Tax paid for 2014-15 (Note-07.01)	

229,237,646	229,237,646
219,823,570	219,823,570
204,168,639	204,168,639
133,215,392	-
<b>786,445,247</b>	<b>653,229,855</b>
-	-
<b>786,445,247</b>	<b>653,229,855</b>

Less: Adjustment  
**Closing Balance**

**07.01 Advance Income Tax paid during the year:**

This arrived at as under:

Deducted at source (on interest on FDR & STD) during the year	
Deducted at source (on imported materials) during the year	
Income tax paid for FY 2014-15,	

124,738,340	161,255,765
7,726,852	32,131,145
750,200	10,781,730
<b>133,215,392</b>	<b>204,168,639</b>

**08.00 Cash & Cash Equivalents:**

Imprest cash with S&D divisions	
Cash at banks (Note-08.01)	
<b>Total:</b>	

1,842,333	1,464,405
15,208,812,332	15,591,375,553
<b>15,210,654,665</b>	<b>15,592,839,958</b>

**08.01 Cash at Banks:**

Current account (revenue collection) (Note 08.01.01)	
Current account (VAT)	
STD accounts	
Fixed Deposit Receipts (FDR) (Note 08.01.02)	

2,777,144,351	3,442,654,737
179,066,731	162,259,849
2,260,829,742	1,981,062,427
9,991,771,508	10,005,398,540
<b>15,208,812,332</b>	<b>15,591,375,553</b>

- 08.01.01 This represents collection for the last two months, by the different collecting banks, which has been transferred to the Company's main account in the next month.

8.01.02 Fixed Deposit Receipts include Tk.67.69 million (2013-2014 :Tk 82.23) in ICB Islamic Bank Ltd. (former Oriental Bank Ltd.) which is subject to phase wise withdrawal restriction imposed by Bangladesh Bank under the reconstruction scheme. An amount of Tk 14.53 million has been realized during the year. As per Bangladesh Bank reconstruction scheme balance amount will be realized by 2016.

**09.00 Accounts Payable**

Bangladesh Power Development Board (BPDB)- (Note 09.01)  
Power Grid Company of Bangladesh (PGCB)- (Note 09.02)  
Dhaka Electric Supply Authority (DESA/DPDC) - (Note 09.03)  
REB - (Note 09.04)  
**Total:**

Amount in Taka	
2014-15	2013-14
4,806,296,534	4,542,167,050
204,049,017	192,660,422
261,433,377	260,896,616
329,188	-
<b>5,272,108,117</b>	<b>4,995,724,089</b>

**09.01 Accounts Payable - BPDB**

**Opening Balance**  
Energy purchased during the year  
  
Payment made during the year  
**Closing Balance**

4,542,167,050	4,024,171,827
23,354,875,803	21,966,948,469
<b>27,897,042,853</b>	<b>25,991,120,296</b>
(23,090,746,319)	(21,448,953,246)
<b>4,806,296,534</b>	<b>4,542,167,050</b>

**09.02 Accounts Payable - PGCB**

**Opening Balance**  
Wheeling charge during the year  
  
Payment made during the year  
**Closing Balance**

192,660,422	170,704,324
989,935,622	931,105,992
<b>1,182,596,044</b>	<b>1,101,810,316</b>
(978,547,027)	(909,149,894)
<b>204,049,017</b>	<b>192,660,422</b>

**09.03 Accounts Payable - DESA/ DPDC**

**Opening Balance**  
Payment made during the year  
Payable against Materials received from DPDC  
Consumer bill collection  
**Closing Balance**

186,361,419	230,464,139
-	-
64,012,223	29,771,063
11,059,735	661,414
<b>261,433,377</b>	<b>260,896,616</b>

**09.04 Accounts Payable - REB**

Payable against Material  
**Closing Balance**

329,188	-
<b>329,188</b>	-

**10.00 Creditors for Goods/ Works :**

Equipment & materials (Note-10.01)  
Imported materials against ADB loan (Note 10.02)  
**Total**

104,313,684	82,942,549
588,617,591	588,617,591
<b>692,931,275</b>	<b>671,560,140</b>

10.01 This includes as payable Tk 36.69 million to M/s.Ideal Enterprise against supply of Electric Equipment and Tk 48.54 million payable to Vicar international against supply of single phase meter .

10.02 This includes provision of Tk 555.15 million for LME price adjustment against imported materials under ADB loan.It is also to be noted that the above provision amount (Tk.555.15 million) is against two (2) parties sued in favor of their claim.

Amount in Taka	
2014-15	2013-14

**11.00 Creditors for Other Finance:**

VAT collected against electricity bills	181,155,238	165,270,229
Tax / VAT deducted from contractors, suppliers & others	12,156,817	13,526,952
Retention money ( contractors & suppliers)	64,812,063	75,790,402
Receipts against deposit works	1,060,665,000	1,060,665,000
Unpaid dividend	174,890,550	88,268,163
Others	32,686,423	33,513,373
<b>Total</b>	<b>1,526,366,090</b>	<b>1,437,034,118</b>

**12.00 Creditors for Expenses:**

Audit Fees	277,025	260,775
Line maintenance & commercial services and others	222,542,521	211,305,550
BERC sales charge (Note-12.01)	61,391,102	52,222,147
<b>Total</b>	<b>284,210,647</b>	<b>263,788,472</b>

12.01 This represents provision at 0.05% of net sales value as "annual system operating fees" payable to Bangladesh Energy Regulatory Commission (BERC) as per BERC rules.

**13.00 Current Maturity of Long Term Loans:**

ADB Loan No-1505 (Note-13.01)	85,900,544	130,077,967
ADB Loan No-1731 (Note-13.02)	184,917,711	186,678,831
ADB Loan No-2332 (Note-13.03)	342,644,172	192,380,442
GOB Loan No 1505& 1731 (Note-13.04)	32,605,241	64,778,527
GOB Loan No 2332 (Note-13.05)	9,914,596	4,957,298
<b>Total</b>	<b>655,982,264</b>	<b>578,873,064</b>

**13.01 ADB (Loan No. 1505)**

	2014-2015		2013-2014	
	US \$	Taka	US \$	Taka
<b>Opening Balance</b>	1,636,201	130,077,967	1,636,201	130,405,207
Transferred from long term loan	545,400	42,950,272	1,090,801	86,718,645
	<b>2,181,601</b>	<b>173,028,239</b>	<b>2,727,001</b>	<b>217,123,851</b>
Paid during the year	(1,090,801)	(85,518,764)	(1,090,801)	(86,991,344)
	<b>1,090,801</b>	<b>87,509,475</b>	<b>1,636,201</b>	<b>130,132,507</b>
Exchange loss/(gain)	-	(1,608,931)	-	(54,541)
<b>Closing Balance</b>	<b>1,090,801</b>	<b>85,900,544</b>	<b>1,636,201</b>	<b>130,077,967</b>

**13.02 ADB (Loan No. 1731)**

	2014-2015		2013-2014	
	US \$	Taka	US \$	Taka
<b>Opening Balance</b>	2,348,161	186,678,831	2,348,161	187,148,462
Transferred from long term loan	2,348,162	184,917,710	2,348,162	186,678,831
	<b>4,696,323</b>	<b>371,596,541</b>	<b>4,696,323</b>	<b>373,827,293</b>
Paid during the year	(2,348,161)	(184,095,853)	(2,348,161)	(187,265,870)
	<b>2,348,162</b>	<b>187,500,688</b>	<b>2,348,162</b>	<b>186,561,423</b>
Exchange loss/(gain)	-	(2,582,978)	-	117,408
<b>Closing Balance</b>	<b>2,348,162</b>	<b>184,917,711</b>	<b>2,348,162</b>	<b>186,678,831</b>

13.03 ADB (Loan No. 2332)	2014-2015		2013-2014	
	US \$	Taka	US \$	Taka
Opening Balance	2,419,880	192,380,442	-	-
Transferred from long	2,866,078	225,703,668	2,419,880	192,380,442
	<u>5,285,958</u>	<u>418,084,110</u>	<u>2,419,880</u>	<u>192,380,442</u>
Paid during the year	934,921	73,490,000	-	-
	<u>4,351,037</u>	<u>344,594,110</u>	<u>2,419,880</u>	<u>192,380,442</u>
Exchange loss/(gain)	-	(1,949,939)	-	-
Closing Balance	<u>4,351,037</u>	<u>342,644,172</u>	<u>2,419,880</u>	<u>192,380,442</u>

13.04 GOB Loan (No: 1505 & 1731)	Amount in Taka	
	2014-15	2013-14
Opening Balance	64,778,527	64,778,527
Transferred from long term loan	-	-
	<u>64,778,527</u>	<u>64,778,527</u>
Paid during the year	32,173,286	-
Closing Balance	<u>32,605,241</u>	<u>64,778,527</u>

13.05 GOB Loan (No: 2332)		
Opening Balance	4,957,298	-
Transferred from long term loan	9,914,596	4,957,298
	<u>14,871,894</u>	<u>4,957,298</u>
Paid during the year	4,957,298	-
Closing Balance	<u>9,914,596</u>	<u>4,957,298</u>

14.00 Accrued Interest on Loans		
Interest payable on ADB Loan (14.01)	1,412,323,861	1,194,819,653
Interest payable on 40% (Debt Portion) of GOB Loan(14.02)	13,736,723	19,202,382
Total	<u>1,426,060,584</u>	<u>1,214,022,035</u>

14.01 Interest on ADB loan		
Opening Balance	1,194,819,653	964,371,040
Interest accrued during the year	1,495,517,983	310,453,100
	<u>2,690,337,636</u>	<u>1,274,824,140</u>
Paid during the year	(1,278,013,775)	(80,004,488)
Closing Balance	<u>1,412,323,861</u>	<u>1,194,819,653</u>

14.02 Interest on GOB Loan		
Opening Balance	19,202,382	9,432,222
Interest accrued during the year	9,496,467	9,770,160
	<u>28,698,849</u>	<u>19,202,382</u>
Paid/ adjustment during the year	(14,962,126)	-
Closing Balance	<u>13,736,723</u>	<u>19,202,382</u>

15.00 Short Term Loan	<u>389,997,942</u>	-
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This represent loan received from Rupali Bank ltd for lease payment against 19.5 biga land from RAJUK.

16.00 Provision for Income Tax:

	Amount in Taka	
	2014-15	2013-14
Opening Balance	349,983,848	210,004,326
Add: Provided during the year (Note-35.01)	424,858,698	139,979,522
Add: Prior year adjustment as per settlement of Appellate Division	-	-
	<u>774,842,546</u>	<u>349,983,848</u>
Prior Year adjustment	-	-
Closing Balance (Note-16.01)	<u>774,842,546</u>	<u>349,983,848</u>

16.01 Details of Provision for Income Tax :

For FY 2011-12	41,988,409	41,988,409
For FY 2012-13	168,015,917	168,015,916
For FY 2013-14	139,979,522	139,979,522
For FY 2014-15	424,858,698	-
	<u>774,842,546</u>	<u>349,983,848</u>

17.00 Share Capital:

<b>Authorized:</b>		
50,000,000 No. ordinary shares @ Tk. 100 each	<u>5,000,000,000</u>	<u>5,000,000,000</u>
<b>Issued , subscribed and paid up:</b>		
7,500,000 No. Ordinary shares @ Tk 10 each, fully paid up in cash	75,000,000	75,000,000
11,961,9400 No. Ordinary shares@ Tk.10 each for consideration Against Mirpur area assets taken over from DESA	1,196,194,000	1,196,194,000
217096881 No.Ordinary shares @ Tk.10 each issued as Bonus	2,170,968,810	2,170,968,810
34421628 No.Ordinary shares @ Tk.10 each issued as Bonus	344,216,280	-
<b>378,637,909 No. of shares ,Tk. 10 each</b>	<u>3,786,379,090</u>	<u>3,442,162,810</u>

17.01 Composition of shareholding:

The composition of Share holding position as of 30th June 2015 is as follows:

	No. of share holders	Number of share	% of share
Sponsors (GOB)	2	283,978,299	75.00%
General Public	8,349	38,627,284	10.20%
Mutual Fund	347	54,702,598	14.45%
Foreign Company	90	1,329,728	0.35%
	<u>8,788</u>	<u>378,637,909</u>	<u>100%</u>

17.02 Distribution Schedule:

The distribution Schedule as at 30 June 2015 showing the number of shareholders and their shareholding in percentages is disclosed below as a requirement of the "Listing Regulation" of Dhaka stock Exchange (DSE) and Chittagong Stock Exchange (CSE).

Range of Holding in number of Shares	No of share holders	% of shareholders	Number of share	% of share capital
1 to 500	3,400	38.69%	661,309	0.17%
501 to 5,000	4,046	46.04%	7,236,824	1.91%
5,001 to 10,000	559	6.36%	4,091,556	1.08%
10,001 to 20,000	345	3.93%	4,938,374	1.30%
20,001 to 30,000	118	1.34%	2,940,163	0.78%
30,001 to 40,000	63	0.72%	2,216,258	0.59%
40,001 to 50,000	51	0.58%	2,343,109	0.62%
50,001 to 100,000	91	1.04%	6,502,098	1.72%
100,001 to 1,000,000	104	1.18%	29,192,489	7.71%
Over 1,000,000 Shares	11	0.13%	318,515,729	84.12%
	<b>8,788</b>	<b>100%</b>	<b>378,637,909</b>	<b>100%</b>

Amount in Taka	
2014-15	2013-14

18.00 Share Money Deposit:

Share Money Deposit

<b>75,000,000</b>	<b>75,000,000</b>
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The amount was received from DESA against shares of the company which have not yet been issued.

19.00 GOB Equity

<b>1,552,140,000</b>	<b>1,552,140,000</b>
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This represents loan received from the Government from time to time under Annual Development Program (ADP) of which 60% is "Govt. Equity" the balance 40% is soft loan. In the absence of any Govt. directive, no share have been issued against such equity.

20.00 Retained Earnings

Opening Balance

Prior year's adjustment ( Note-37)

Net Profit for the year

6,226,949,770	6,145,810,140
174,016,667	160,797,563
1,634,872,109	668,638,320

Dividend paid/ Bonus shares issued for FY 2014-2015

Closing Balance

8,035,838,546	6,975,246,023
(516,324,423)	(748,296,253)
<b>7,519,514,123</b>	<b>6,226,949,770</b>

21.00 Long Term Loans :

(a) Loan from Asian Development Bank (ADB)

Loan no. 1505 (Note 21.01)

Loan no. 1731 (Note 21.02)

Loan no. 2332 (Note 21.03)

Loan no. 3087 (Note 21.04)

Sub-Total:

515,403,286	563,671,210
646,251,334	839,084,941
5,300,696,716	5,579,032,770
378,944,725	-
<b>6,841,296,062</b>	<b>6,981,788,921</b>

(b) Loan from Government of Bangladesh (GOB)

Loan no. (1505 & 1731 ), (Note 21.05)

Loan no. 2332 (Note 21.06)

Sub-Total:

Total

112,174,545	112,174,545
133,847,053	143,761,649
<b>246,021,598</b>	<b>255,936,194</b>
<b>7,087,317,660</b>	<b>7,237,725,115</b>

21.01 Loan from ADB ( No - 1505, 9th Power Project)

This has been arrived at as under:

	2014-15		2013-14	
	US \$	Taka	US \$	Taka
Opening Balance	7,090,204	563,671,211	8,181,004	652,026,056
Transferred to Current Liability	(545,400)	(42,950,272)	(1,090,801)	(86,718,645)
	6,544,804	520,720,939	7,090,204	565,307,411
Exchange (Gain) / loss	-	(5,317,653)	-	(1,636,201)
Closing Balance	6,544,804	515,403,286	7,090,204	563,671,210

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for 9th Power Project under the Subsidiary Loan Agreement (SLA) entered into between the company and the Govt. of Bangladesh (GOB). The primary loan agreement is between the ADB and the GOB.
- (ii) According to the terms of the agreement the Principal amount of the subsidiary loan repayable by DESCO and the Government under this agreement shall be in local currency equivalent, determined at official rate of exchange prevailing on the date of repayments. The principal amount of the subsidiary loan is repayable in 25 years including a grace period of 5 (five) years in 40 ( forty) consecutive semi- annual installments as per Amortization Schedule. The installment is payable on a semi-annual basis (i.e. June 15 and December 15 in each year). The foreign exchange risk on the outstanding amount of loan shall be borne by DESCO.
- (iii) The company shall pay to the Government in local currency interest at the rate of 4% per annum on the local currency equivalent, determined at the official rate of exchange prevailing on the date of each interest payment of the principal amount of the Loan relented to DESCO disbursed and outstanding from time to time The interest is payable semi- annually on June 15 and December 15 , each year).
- (iv) The term of the project under which the loan was sanctioned expired on 30th June, 2004.

21.02 Loan from ADB (No - 1731, 10th power project)

This has been arrived at as under:

	2014-2015		2013-2014	
	US \$	Taka	US \$	Taka
Opening Balance	10,554,527	839,084,941	12,902,689	1,028,344,309
Transferred to current liability	2,348,161	184,917,710	(2,348,162)	(186,678,831)
	8,206,366	654,167,231	10,554,527	841,665,478
Exchange (Gain)/Loss	-	(7,915,897)	-	(2,580,537)
Closing Balance	8,206,366	646,251,334	10,554,527	839,084,941

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for 10th Power Project under the Subsidiary Loan Agreement (SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary Loan agreement being between the ADB and the GOB.
- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange prevailing on the date of repayment . The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 4 years in 32 consecutive semi- annual installments on a semi-annual basis (i.e. January 15 and July 15 in each year). The foreign exchange and interest rate risks are to be borne by DESCO during the repayment period of 20 years.

- (iii) DESCO shall pay interest to the Government in local currency interest at the rate of 4% per annum on the local currency equivalent, determined at the official rate of exchange prevailing on the date of each interest payment of the principal amount of the loan relented to DESCO disbursed and outstanding from time to time. The interest is payable on semi-annual basis, (i.e. January 15 and July 15, in each year).
- (iv) The term of the project under which the loan was sanctioned expired on 30th June, 2006.

**21.03 Loan from ADB (No - 2332 BAN, Sustainable Power sector Development Project)**

This has been arrived at as under:

	2014-15		2013-14	
	US \$	Taka	US \$	Taka
<b>Opening Balance</b>	<b>70,176,513</b>	<b>5,579,032,770</b>	<b>72,596,393</b>	<b>5,785,932,490</b>
Add: Drawn	-	-	-	-
	<b>70,176,513</b>	<b>5,579,032,770</b>	<b>72,596,393</b>	<b>5,785,932,490</b>
Less Transfer to current Liability	(2,866,078)	(225,703,668)	(2,419,880)	(192,380,442)
	<b>67,310,434</b>	<b>5,353,329,102</b>	<b>70,176,513</b>	<b>5,593,552,048</b>
Exchange (Gain)/ loss	-	(52,632,385)	-	(14,519,278)
<b>Closing Balance</b>	<b>67,310,434</b>	<b>5,300,696,716</b>	<b>70,176,513</b>	<b>5,579,032,770</b>

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for Sustainable Power Sector Development Project under the Subsidiary Loan Agreement (SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary loan agreement being between the ADB and the GOB.
- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange rate prevailing on the date of repayment. The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 5 years in 30 consecutive semi-annual installments (i.e. May 1 and November 1 in each year). The foreign exchange and interest rate risks are to be borne by DESCO during the repayment period of 20 years.
- (iii) DESCO shall pay interest to the Government in local currency at the rate of 4% per annum. Such interest shall be calculated on the total principal amount outstanding of the subsidiary loan. The interest is payable on semi-annual basis, (i.e. May 1 and November 1, in each year).
- (iv) The term of the project under which the loan was sanctioned will expire on 30th June, 2013

**21.04 Loan from ADB (No - 3087)**

This has been arrived at as under:

	2014-2015		2013-2014	
	US \$	Taka	US \$	Taka
<b>Opening Balance</b>	-	-	-	-
Add: Drawn	4,811,997	378,919,407	-	-
	<b>4,811,997</b>	<b>378,919,407</b>	-	-
Less Transfer to current	-	-	-	-
	<b>4,811,997</b>	<b>378,919,407</b>	-	-
Exchange (Gain)/ loss	-	25,319	-	-
<b>Closing Balance</b>	<b>4,811,997</b>	<b>378,944,725</b>	-	-

- (i) This represents dollars amount drawn to date translated at exchange rate prevailing at balance sheet date for import of materials/ equipment for Power System Expansion and Efficiency Improvement Investment Program (tranche-2) project under Subsidiary Loan Agreement (SLA) entered into between the Company and the Govt. of Bangladesh (GOB), the primary loan agreement being between the ADB and the GOB.



- (ii) As per the terms of the Agreement the principal amount of the subsidiary Loan repayable by DESCO to the Government shall be in local currency equivalent, determined at official rate of exchange rate prevailing on the date of repayment . The principal amount of the subsidiary loan is repayable in 20 years including a grace period of 5 years in 30 consecutive semi- annual installments (i.e. May 15 and November 15 in each year). The foreign exchange and interest rate risks are to be borne by DESCO during the repayment period of 20 years.
- (iii) DESCO shall pay interest to the Government in local currency at the rate of 4% per annum. Such interest shall be calculated on the total principal amount outstanding of the subsidiary loan. The interest is payable on semi-annual basis, (i.e. May 15 and November 15, in each year).

21.05 Loan from GOB (No. 1505 & 1731)

This has been arrived at as under:  
**Opening Balance**

Transferred to Current Liability  
**Closing Balance**

Amount in Taka	
2014-15	2013- 14
112,174,545	112,174,545
-	-
112,174,545	112,174,545
-	-
112,174,545	112,174,545

- (i) This represents 40% of the amount released to the Company by the Government under Annual Development Program (ADP) to enable the Company to pay the customs duty & VAT on material/ equipment imported by the company under the ADB Loan, as well as to meet other project related expenses . The balance 60% is accounted for under " GOB Equity".
- (ii) The loan carries interest at 3% p.a. and is repayable as per Debt Service Liability (DSL) schedule provided by the Government.

21.06 Loan from GOB (loan No 2332)

**Opening Balance**  
Add: Withdrawn

Less: Transfer to Loan:2332  
Less: Transfer to current liability  
**Closing Balance**

143,761,649	148,718,947
-	-
143,761,649	148,718,947
-	-
(9,914,596)	(4,957,298)
133,847,053	143,761,649

- (i) This represents 40% of the amount released to the Company by the Government under Annual Development Program (ADP) to enable the Company to pay the customs duty & VAT on material/ equipment imported by the company under the ADB Loan, as well as to meet other project related expenses . The balance 60% is accounted for under " GOB Equity". The loan is repayable in 30 installments starting from 2013 after a grace period of 5 years.
- (ii) The loan carries interest at 3% p.a. and is repayable as per Debt Service Liability (DSL) schedule provided by the Government.

22.00 Due to DESA/ DPDC for assets taken over:

4,039,671,539      4,039,671,539

22.01 Area wise break-up is as under:

Gulshan Area (comprising Gulshan, Baridhara, Uttara, Dakshinkhan)  
Tongi Area (comprising Tongi East and Tongi West)  
Uttara & Bashundhara Grid Substation  
**Total**

1,998,920,000	1,998,920,000
795,040,000	795,040,000
1,245,711,539	1,245,711,539
4,039,671,539	4,039,671,539

22.02 Value of assets shown above are provisional. Independent valuers have been appointed for identification, valuation and recording of assets taken over from DESA / DPDC which is under finalization.

22.03 The terms and conditions of repayment to DESA / DPDC against the assets taken over have not yet been determined.

23.00 Consumer Security Deposits:

Amount in Taka		
2014-15	2013-14	
Opening Balance	1,507,716,212	1,315,302,695
Received during the year	235,123,949	215,067,616
	<u>1,742,840,160</u>	<u>1,530,370,311</u>
Refunded during the year	(26,807,236)	(22,654,099)
Closing Balance	<u>1,716,032,924</u>	<u>1,507,716,212</u>

24.00 Energy Sales: Taka

	Tariff	%		
Domestic	A	42.74	11,692,332,867	10,609,228,590
Agricultural Pump	B	0.00	414,276	435,308
Small Industries	C	3.05	833,090,004	835,033,386
Non-Residential	D	0.58	158,155,921	139,574,181
Commercial & Office	E	14.11	3,860,606,167	3,498,897,117
Medium Voltage	F	35.50	9,711,554,238	8,588,146,370
High Voltage(33kv & REB High Voltage	H	0.41	113,393,029	16,830,366
Street Light, Pump	I	0.59	160,090,353	124,228,028
Construction & others	J	0.33	91,453,947	85,687,087
	2E	2.69	737,059,550	712,321,054
<b>Total</b>		<b>100</b>	<b>27,358,150,352</b>	<b>24,431,027,925</b>

24.01 Energy Sales -Unit

	Tariff	%	2014-2015 Unit (Mkwh)	2013-2014 Unit (Mkwh)
Domestic	A	50.34	1,993.03	1,885.11
Agricultural Pump	B	0.00	0.16	0.15
Small Industries	C	2.83	111.97	119.19
Charitable Organization	D	0.80	31.48	29.20
Commercial & Office	E	10.05	398.09	383.10
Medium Voltage	F	33.63	1,331.70	1,231.73
Very High Voltage	H	0.38	14.86	2.22
REB High Voltage	I	0.72	28.62	22.05
Street Light, Pump	J	0.32	12.52	12.16
Construction & others	2E	0.94	37.04	37.32
<b>Total</b>		<b>100.00</b>	<b>3,959.46</b>	<b>3,722.23</b>

25.00 Other Operating Revenue:

Received from Consumer (Note:25.01)	331,397,750	294,058,168
Late payment charge	276,081,479	268,458,550
	<u>607,479,229</u>	<u>562,516,718</u>

25.01 This represents application fee, disconnection / reconnection fees, cost of materials realized, meter testing fees, meter rent etc.

26.00 Energy Purchase:

2014-2015		2013-2014	
Unit (Kwh)	Taka	Unit (kwh)	Taka
4,320,976,096	24,344,811,425	4,064,190,281	22,898,054,461

26.01 Electricity is purchased solely from Bangladesh Power Development Board (BPDB) at the rate of Tk 5.4050/ kwh effective from 1st September -2012. The company also pays wheeling charge to Power Grid Co. Ltd (PGCB) at Tk 0.2291 per kwh.

	Amount in Taka	
	2014-15	2013-14
<b>27.00 Operating Expenses:</b>		
Commercial operation support services	145,113,827	138,904,501
Schedule & preventive maintenance	209,394,533	155,631,339
Special action team & collection drive	874,361	1,223,772
Consultancy fees for staking sheet	1,814,577	7,503,780
Maintenance of distribution of line & equipment	46,109,149	53,843,400
R&M of grid sub-station/sub-station	43,388,115	49,348,430
Repair & maintenance of transformer	60,312,508	30,388,832
Meter & service cable issue	84,163,470	72,346,513
Revenue stamp charge against consumer bill	59,588,716	54,513,631
System operating fee BERC ( Note 27.01)	13,679,075	12,215,514
	<b>664,438,331</b>	<b>575,919,712</b>
Less: Receipt against deposit work	282,112,681	109,303,244
<b>Total</b>	<b>382,325,650</b>	<b>466,616,468</b>

27.01 This represents provision at 0.05% of net sales value as "annual system operating fees" payable to Bangladesh Energy Regulatory Commission (BERC) as per BERC rules.

**28.00 Administrative Expenses:**

Directors' Remuneration (Note 28.01)	1,345,500	1,127,000
Audit fees	270,000	265,000
Advertisement & Notices	6,257,053	6,140,033
Annual General Meeting (AGM)	2,879,507	3,124,136
Bank charges	3,898,399	4,223,763
Conveyance	1,951,169	1,876,689
Cleaning expenses	5,333,470	3,567,641
Electricity, gas & water	26,736,776	26,775,786
Entertainment	3,783,511	3,507,295
Fuel for vehicles	24,439,770	23,339,673
Honorarium to various committee members	511,750	768,550
Insurance of vehicles	2,568,490	2,852,809
Legal & Professional fees	5,479,226	3,038,586
Newspaper & Periodicals	437,563	445,661
Office maintenance	2,687,348	3,727,299
Office rent	37,506,630	36,295,014
Office security	36,786,003	26,513,839
Postage, telephone & internet	9,602,658	8,821,824
Printing & Stationery	24,450,765	19,894,225
Rates & Taxes	1,205,709	2,252,079
Repair & Maintenance of non operating assets	5,881,292	6,928,925
Repair & Maintenance of head office building	4,542,010	6,165,490
Repair & Servicing of vehicle	9,531,664	9,239,082
Recruitment expenses	384,192	696,389
Inspection survey & consultancy fees	1,286,307	815,440
Staff training	17,511,227	10,466,307
Listing fee & annual charges	3,767,298	4,073,788
Transport (hired)	25,657,651	27,504,390
Corporate Social Expenses	8,596,573	8,148,174
BERC license fee	2,500,000	2,505,000
Office shifting	46,867	99,015
<b>Total:</b>	<b>277,836,378</b>	<b>255,198,902</b>

28.01 Directors are entitled to a remuneration of Tk 5,000/- for attending each Board meeting.

29.00 Employee Expenses:	Amount in Taka	
	2014-15	2013-14
Salary & Allowances ( Note - 29.01)	743,173,255	692,080,745
Festival bonus	63,150,781	55,985,816
Incentive bonus	90,178,503	79,048,850
Company's contribution to provident fund	37,811,439	37,118,061
Company's contribution to gratuity fund	207,094,298	100,761,015
Group insurance premium	8,068,241	1,365,584
Electricity / telephone expense reimbursed (Note - 29.02)	19,177,964	17,650,577
Medical expense reimbursed ( Note - 29.02)	47,776,525	45,003,905
Uniform	379,820	170,065
<b>Total</b>	<b>1,216,810,826</b>	<b>1,029,184,618</b>

29.01 Remuneration of Directors and Executives:

	Amount in Taka		Amount in Taka	
	2014-15		2013-14	
	Directors	Executives	Directors	Executives
Salary and bonus	4,561,662	183,940,770	6,654,186	182,506,165
House rent	1,619,831	79,142,622	2,214,093	72,864,950
Provident fund	323,967	13,182,732	442,819	12,144,130
<b>Total</b>	<b>6,505,460</b>	<b>276,266,124</b>	<b>9,311,098</b>	<b>267,515,245</b>

29.02 Telephone bills and medical expense are reimbursed on actual basis to employees, subject to ceiling.

30.00 Interest Income:

Interest earned on STD/FDR	<b>1,230,813,362</b>	<b>1,620,716,677</b>
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31.00 Interest Expenses:

Interest expense against ADB loan	294,405,622	310,453,100
Interest expense against GOB loan	9,496,467	9,770,160
Interest expense against SOD loan (Rupali Bank)	28,615,571	-
<b>Total</b>	<b>332,517,660</b>	<b>320,223,260</b>

32.00 Exchange Fluctuation Gain / (Loss):

<b>71,982,463</b>	<b>18,673,149</b>
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Exchange fluctuation gain of Tk.71,982,463/- has arisen out of translation of foreign currency loan (in dollar) into taka at Financial Position date at the rate of Tk.78.75/\$1 (2013-14: at Tk.79.50/\$1).

33.00 Miscellaneous Income:

Sale of tender documents	200,000	210,000
Sale of obsolete store materials and Others	37,472,828	11,721,065
<b>Total</b>	<b>37,672,828</b>	<b>11,931,065</b>

34.00 Depreciation:

Depreciation (operating)	699,960,243	697,875,307
Depreciation (non operating)	43,761,182	33,417,017
<b>Total</b>	<b>743,721,425</b>	<b>731,292,324</b>

35.00 Income Tax :

Current tax provision (35.01)	424,858,698	139,979,522
Deferred tax provision (35.02)	(69,271,625)	117,928,012
<b>Tax Expenses</b>	<b>355,587,073</b>	<b>257,907,534</b>

		Amount in Taka	
		2014-2015	2013-2014
35.01	The Company's income tax assessment up to the FY 2010-2011 (AY 2011-2012) has been completed and agreed upon. The details of current tax calculation are given below:		
	Profit before tax as per income statement	1,990,459,182	926,545,854
	Add: Accounting depreciation	743,721,425	731,292,324
	Add: Bad debt Provision	17,615,689	17,749,648
	Add: Corporate Social Expenses (CSR)	8,596,573	8,148,174
		2,760,392,869	1,683,736,000
	Less: Depreciation as per 3rd Schedule of Tax Ordinance, 1984.	(1,060,958,079)	(1,174,719,557)
		1,699,434,791	509,016,443
	Current Tax (at 25%)	424,858,698	139,979,522
	<b>Current tax expenses</b>	<b>424,858,698</b>	<b>139,979,522</b>
35.02	<b>Deffered Tax Provision:</b>		
	Opening Balance	1,813,821,843	1,695,893,831
	Provision for the year	(69,271,625)	117,928,012
	Closing Balance	1,744,550,219	1,813,821,843
	Deferred tax provision has been arrived at as under:		
	Carrying amount of assets	11,414,491,554	11,235,967,749
	Tax base amount of assets	4,436,290,681	4,640,251,956
	Temporary Difference	6,978,200,873	6,595,715,793
	Effective Tax Rate	25.00%	27.50%
	Total Deferred tax Provision required	1,744,550,218	1,813,821,843
	Already provided up to last year	1,813,821,843	1,695,893,831
	Deferred tax Provision during the year	(69,271,625)	117,928,012
36.00	<b>Earning Per Share (EPS):</b>		
	<b>Earning Per Share</b>		
	Earning attributable to ordinary Shareholders (Tk)	1,634,872,109	668,638,320
	Weighted number of shares outstanding	378,637,909	378,637,909
	<b>Basic Earning Per Share (Adjusted)</b>	<b>4.32</b>	<b>1.77</b>
37.00	<b>Adjustment related to previous year:</b>		
	Advertisement expenses adjustment	523,156	-
	Salary adjustment from employee	(89,524)	(74,887,899)
	Operating & administrative expenditure of previous year adjusted	(2,924,604)	2,192,955
	Utility expenses adjustment	(22,232)	(2,511,556)
	Distribution Equipment issued to BREB	40,156,422	-
	Adjustment related to provision against accounts receivables	128,926,192	-
	Encashment of performance guarantee	7,447,257	-
	Adjustment of LME charge 3 parties out of 5 parties not sued of their claim	-	236,004,063
	<b>Total:</b>	<b>174,016,667</b>	<b>160,797,563</b>
38.00	<b>Subsequent Events-Disclosures Under IAS 10 "Events After The Balance Sheet Date".</b>		
	<b>Proposed Dividend</b>		
a)	Subsequent to the financial position date, the Board of Directors in their meeting held on 21 October 2015 recommended 10% cash and 5% Stock dividend (Tk 1 per share of Tk.10 each and 1 bonus share for every 20 existing shares held on record date) for the year ended June 30, 2015. The dividend proposal is subject to shareholders' approval at the forthcoming 19th AGM.		
b)	Except the fact stated above, no circumstances have arisen since the Financial Position date which would require adjustment to, or disclosure in, the financial statements or notes thereto.		

**39.00 Contingent Liabilities:**

39.01 As the value of assets taken over from DESA in the Gulshan and Tongi areas have been shown at estimated value, the Company may have to incurred additional cost after finalization of the value of the assets.

39.02 An aggregate amount of Tk.227,727,341/- claimed by BPDB as shown below is disputed by the Company.

Particulars	2014-2015
Arrear Energy bill (November '05 to May '07)	13,198,386
Arrear Surcharge	192,097,107
PFC Charge (October 2009 to June 2015)	22,431,848
<b>Total</b>	<b>227,727,341</b>

**40.00 Credit Facility Availed:**

No credit facility existed under any contract as on June 30, 2015 other than trade credit available in the ordinary course of business.

**41.00 Capital Commitment:**

The Company has entered into various contracts for construction works, sub-stations, land development, installation, renovation dismantling O/H and U/G cables, etc. amounting to Tk 7,680.31 million, works of which will be started in the next financial year.

**42.00 Employees' Salary:**

a) Employment throughout the year in receipt of remuneration aggregating Tk 36,000 or more per annum.


b) Employment for a part of the year and in receipt of remuneration aggregating Tk 3,000 or less per month.

**Total:**

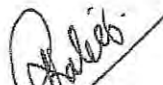
Amount in Taka	
2014-2015	2013-2014
No.	No.
1,497	1,499
Nil	Nil
<b>1,497</b>	<b>1,499</b>

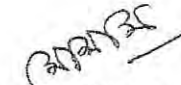
**43.00 General :**

Previous year's figures have been re-arranged, wherever necessary, to confirm to current year's presentation to facilitate comparison.

  
Company Secretary

  
Executive Director (F&A)

  
Director

  
Managing Director

Dated: Dhaka, 21 October 2015

**Dhaka Electric Supply Company Ltd. (DESCO)**  
**Schedule of Property, Plant & Equipment**  
**As at 30 June 2015**

Annexe

Sl No.	Category of Assets	Cost			Rate	Depreciation			Written down value as on 30-06-15
		Balance as on 01-07-14	Addition during the Year	Adjustment		Total as on 30-06-15	Balance as on 01-07-14	Charged during the year	
1	Land	913,368,781	830,350	-	-	-	-	-	914,199,1
2	Building	438,634,642	20,439,868	-	2.50%	67,431,814	11,464,709	-	380,177,9
3	Motor Vehicles	229,001,557	31,913,185	-	20%	155,871,039	21,565,994	-	177,437,033
4	Furniture & Fixture	46,049,777	4,957,327	-	10%	24,126,532	3,954,511	-	22,926,0
5	Office Equipment	206,416,470	11,277,863	64,017	15%-20%	145,263,299	17,426,119	21,237	162,668,181
6	Distribution Equipment	5,807,860,457	232,039,195	95,818,443	3%-10%	1,721,598,690	226,270,785	50,593,736	1,897,275,739
7	Distribution Line	10,015,706,412	651,421,476	-	3%-10%	4,292,145,521	463,039,307	-	4,755,184,828
	<b>Total</b>	<b>17,657,038,097</b>	<b>952,879,264</b>	<b>95,882,460</b>	<b>-</b>	<b>6,406,436,894</b>	<b>743,721,425</b>	<b>50,614,973</b>	<b>7,099,543,347</b>

**Allocation of Depreciation:**

Depreciation (Operating) 699,960,243

Depreciation (Non-Operating) 43,761,182

743,721,425

**Notes:**

- 1) Building includes Office Building, Store Godown Sheds and Boundary Wall.
- 2) Office Equipment comprise Communication Equipment, Computer & Peripherals, Electric and Store Equipment etc.
- 3) Addition to Distribution Line and Equipment includes 873.572 Km Conductor and 788.057 Km Service Cable etc.
- 4) Addition to Motor Vehicle includes Znos Jeep and 2 nos of Pickup