

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

7. FIRST- TIME ADOPTION OF LKAS AND SLFRSs (Contd...)**7.4 Notes to the Reconciliation of Equity as at 1 January 2011 and 31 December 2011 and Total Comprehensive Income for the year ended 31 December 2011****Note A****Reclassification**

Property Plant & Equipment balances scoped under LKAS16 was identified from the Inventory balance is reclassified under Property Plant & Equipment.

Remeasurement

Provision for depreciation under Previous SLAS balance contained errors occurred in revaluation process and the identified errors has removed under SLFRS.

Note B

Previously, the company had recognised the software under Capital Work in Progress. However in accordance with LKAS 38, the criteria for recognition of Intangible Assets are satisfied. This results in the reclassification of the Software from Capital Works in Progress to Intangible Assets. Further, annual amortisation has been charged over the life of the Intangible asset to the Capital Grants.

Note C

Specific provisions for bad debt were previously recognized under SLASs. The impairment approach under SLFRSs differs to SLASs, as general provisions are no longer permitted and impairment losses can only be provided for when there is objective evidence of an incurred loss. In accordance with the impairment calculation methodology as set out in LKAS 39, NWSDB's provisioning level is increased by Rs. 181,142,747 as at 31 December 2010 and by Rs.160,600,180 as at 31 December 2011.

Note D

According to LKAS 07 Cash & Cash Equivalents include short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Short term Investments which was identified under investment previously has been reclassified under Cash & Cash Equivalents.

Retained Earnings

The transition from SLASs to SLFRSs had the following impact on retained earnings:

	1-Jan-11	31-Dec-11
Impact on re-measuring impairment provision under LKAS 39	(210,629,591)	(188,075,556)
Impact on re-measuring Depreciation Provision	(571,905,331)	(523,203,561)
Non Conversion Adjustments	917,516,953	1,108,738,654
Net Impact	134,982,032	397,459,537

Note E

Revenue related to main operations which is recognised previously by NWSDB under other income is reclassified under Revenue.

Note F

According to LKAS39 financial assets are subsequently measured at amortised cost using the EIR method,less impairment.Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or operating expenses for receivables.