OIL AND GAS DEVELOPMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

Annexure II

	Note	2020	2019
		(Rupees '000)	
SHARE CAPITAL AND RESERVES			
Share capital	5	43,009,284	43,009,284
Reserves	6	17,269,580	14,614,483
Unappropriated profit		628,579,143	567,741,481
		688,858,007	625,365,248
NON CURRENT LIABILITIES			
Deferred taxation	7	24,073,280	23,571,884
Deferred employee benefits	8	26,531,023	22,154,000
Provision for decommissioning cost	9	27,654,493	22,862,587
		78,258,796	68,588,471
CURRENT LIABILITIES			
Trade and other payables	10	68,578,248	49,477,743
Unpaid dividend	11	25,557,624	22,951,943
Unclaimed dividend		210,970	213,785
		94,346,842	72,643,471
		861,463,645	766,597,190
CONTINGENCIES AND COMMITMENTS	12		

	Note	2020	2019
		(Rupees '000)	
NON CURRENT ASSETS			
Property, plant and equipment	13	116,355,157	117,787,033
Development and production assets	14	101,449,010	91,958,684
Exploration and evaluation assets	15	16,420,604	15,216,824
		234,224,771	224,962,541
Long term investments	16	61,217,831	22,895,586
Long term loans	17	8,468,690	8,085,201
Long term prepayments		783,536	868,036
		304,694,828	256,811,364
CURRENT ASSETS			
Stores, spare parts and loose tools	18	18,726,550	18,751,790
Stock in trade		472,505	446,645
Trade debts	19	325,620,971	242,731,940
Loans and advances	20	13,322,160	9,669,299
Deposits and short term prepayments	21	1,313,370	1,329,883
Other receivables	22	575,305	7,762,428
Income tax - advance	23	37,118,984	20,027,510
Current portion of long term investments	16.2	95,115,426	113,770,186
Other financial assets	24	47,661,241	74,726,436
Cash and bank balances	25	16,842,305	20,569,709
		556,768,817	509,785,826
		861,463,645	766,597,190

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive** **Director**

OIL AND GAS DEVELOPMENT COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	2020	**2019**
	-----------(Rupees '000)-----------	
Profit for the year	100,081,671	118,385,788
Other comprehensive (loss)/ income for the year		
Items that will not be reclassified to profit or loss:		
Remeasurement (loss) / gain on employee retirement benefit plans	(15,609,921)	8,042,941
Current tax credit/ (charge) related to remeasurement (loss) / gain on employee retirement benefit plans	8,048,475	(4,278,845)
Share of other comprehensive income /(loss) of the associate - net of taxation	3,801	(30,274)
	(7,557,645)	3,733,822
Total comprehensive income for the year	92,524,026	122,119,610

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive** **Director**

OIL AND GAS DEVELOPMENT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

		Reserves						
		Capital reserves				Other reserves		
	Share capital	Capital reserve	Self insurance reserve	Share of capital redemption reserve fund in associated company	Share of self insurance reserve in associated company	Share of undistributed percentage return reserve in associated company	Unappropriated profit	Total equity
	(Rupees '000)							
Balance as at 1 July 2018	43,009,284	836,000	9,970,000	2,118,000	320,000	122,622	494,180,516	550,556,422
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	118,385,788	118,385,788
Other comprehensive income for the year	-	-	-	-	-	-	3,733,822	3,733,822
Total comprehensive income for the year	-	-	-	-	-	-	122,119,610	122,119,610
Transfer to self insurance reserve	-	-	1,050,572	-	-	-	(1,050,572)	-
Charge to self insurance reserve	-	-	(572)	-	-	-	-	(572)
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	(2,139)	2,139	-
Transfer to self insurance reserve by an associated company	-	-	-	-	200,000	-	(200,000)	-
Transactions with owners of the Company								
Distributions								
Final dividend 2018: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2019: Rs 2.75 per share	-	-	-	-	-	-	(11,827,553)	(11,827,553)
Second interim dividend 2019: Rs 3.00 per share	-	-	-	-	-	-	(12,902,785)	(12,902,785)
Third interim dividend 2019: Rs 2.75 per share	-	-	-	-	-	-	(11,827,553)	(11,827,553)
Total distributions to owners of the Company	-	-	-	-	-	-	(47,310,212)	(47,310,212)
Balance as at 30 June 2019	43,009,284	836,000	11,020,000	2,118,000	520,000	120,483	567,741,481	625,365,248
Balance as at 1 July 2019	43,009,284	836,000	11,020,000	2,118,000	520,000	120,483	567,741,481	625,365,248
Total comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	100,081,671	100,081,671
Other comprehensive loss for the year	-	-	-	-	-	-	(7,557,645)	(7,557,645)
Total comprehensive income for the year	-	-	-	-	-	-	92,524,026	92,524,026
Transfer to self insurance reserve	-	-	2,480,476	-	-	-	(2,480,476)	-
Charge to self insurance reserve	-	-	(476)	-	-	-	476	-
Transfer from undistributed percentage return reserve by an associated company	-	-	-	-	-	(24,903)	24,903	-
Transfer to self insurance reserve by an associated company	-	-	-	-	200,000	-	(200,000)	-
Transactions with owners of the Company								
Distributions								
Final dividend 2019: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
First interim dividend 2020: Rs 2.50 per share	-	-	-	-	-	-	(10,752,321)	(10,752,321)
Second interim dividend 2020: Rs 1.75 per share	-	-	-	-	-	-	(7,526,625)	(7,526,625)
Total distributions to owners of the Company	-	-	-	-	-	-	(29,031,267)	(29,031,267)
Balance as at 30 June 2020	43,009,284	836,000	13,500,000	2,118,000	720,000	95,580	628,579,143	688,858,007

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive** **Director**

OIL AND GAS DEVELOPMENT COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		----------(Rupees '000)----------	
Cash flows from operating activities			
Profit before taxation		143,064,904	176,599,413
Adjustments for:			
Depreciation		11,782,166	11,022,070
Amortization of development and production assets		17,247,061	17,947,440
Royalty		27,626,096	29,335,927
Workers' profit participation fund		7,529,732	9,294,706
Provision for employee benefits		5,313,779	4,059,978
(Reversal)/ charge of provision for decommissioning cost		(480,019)	87,248
Unwinding of discount on provision for decommissioning cost		3,007,255	1,686,425
Reversal due to change in decommissioning cost estimates		(44,432)	(284,169)
Interest income		(18,343,450)	(15,905,773)
Un-realized (gain)/ loss on investments at fair value through profit or loss		(8,263)	88,309
Exchange gain on foreign currency investment and deposit accounts		(1,726,720)	(11,577,789)
Dividend income		(7,037)	(10,579)
(Gain)/ loss on disposal of property, plant and equipment		(58,878)	1,449
Provision for slow moving, obsolete and in transit stores		503,367	112,090
Share of profit in associate		(6,062,575)	(4,865,418)
Stores inventory written off		26,482	60,599
		189,369,468	217,651,926
Changes in:			
Stores, spare parts and loose tools		(504,609)	(939,954)
Stock in trade		(25,860)	(99,816)
Trade debts		(82,889,031)	(79,040,120)
Deposits and short term prepayments		16,513	9,460
Advances and other receivables		(4,199,592)	6,759,224
Trade and other payables		11,401,257	5,790,762
Cash generated from operations		113,168,146	150,131,482
Royalty paid		(25,979,217)	(28,452,352)
Employee benefits paid		(3,763,371)	(7,639,977)
Long term prepayments		84,500	(203,078)
Payment from self insurance reserve		-	(572)
Decommissioning cost paid		(143,978)	(182,690)
(Payment to) / receipt from workers' profit participation fund-net		(9,294,706)	172,276
Income taxes paid		(51,524,836)	(41,649,854)
		(90,621,608)	(77,956,247)
Net cash generated from operating activities		22,546,538	72,175,235
Cash flows from investing activities			
Capital expenditure		(33,470,292)	(24,992,654)
Interest received		6,248,210	8,343,562
Dividends received		163,622	161,457
Encashment of investments		10,170,987	9,327,104
Purchase of investments		(11,833,441)	(10,170,987)
Proceeds from disposal of property, plant and equipment		75,195	91,263
Net cash used in investing activities		(28,645,719)	(17,240,255)
Cash flows from financing activities			
Dividends paid		(26,428,401)	(42,633,457)
Net cash used in financing activities		(26,428,401)	(42,633,457)
Net (decrease)/ increase in cash and cash equivalents		(32,527,582)	12,301,523
Cash and cash equivalents at beginning of the year		95,049,153	71,169,841
Effect of movements in exchange rate on cash and cash equivalents		1,726,720	11,577,789
Cash and cash equivalents at end of the year	37	64,248,291	95,049,153

The annexed notes 1 to 48 form an integral part of these financial statements.

Chief Financial Officer **Chief Executive** **Director**

1 LEGAL STATUS AND OPERATIONS

Oil and Gas Development Company Limited (OGDCL), 'the Company', was incorporated on 23 October 1997 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The Company was established to undertake exploration and development of oil and gas resources, including production and sale of oil and gas and related activities formerly carried on by Oil and Gas Development Corporation, which was established in 1961. The registered office of the Company is located at OGDCL House, Plot No. 3, F-6/G-6, Blue Area, Islamabad, Pakistan. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Global Depository Shares (1GDS = 10 ordinary shares of the Company) of the Company are listed on the London Stock Exchange.

Geographical location of all other business units of the Company have been disclosed in note 43.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

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

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

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- obligation under certain employee benefits and provision for decommissioning cost have been measured at present value; and
- investments at fair value through profit or loss have been measured at fair value.

The methods used to measure fair values are described further in their respective policy notes.

2.3 ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16 ‘Leases’, became effective during the year. The Company has adopted IFRS 16 from 01 July 2019 except for gas sale agreements with M/s Uch Power (Private) Limited (UPL) and M/s Uch II Power (Private) Limited (Uch-II). For details of adoption of IFRS 16, refer note 3. Further, IFRIC 23 "Uncertanity over Income Tax Treatments" also became effective during the year. The Company's existing accounting policy for uncertain tax treatments is consistent with the requirements of IFRIC 23 and has no material impact on the finanical statements, refer note 2.5.7.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pakistan Rupee (PKR/ Rupees) which is the Company’s functional currency.

2.5 SIGNIFICANT ACCOUNTING ESTIMATES

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

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

In the process of applying the Company's accounting policies, the management has made the following estimates, assumptions and judgments which are significant to these financial statements:

2.5.1 Property, plant and equipment

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

2.5.2 Exploration and evaluation expenditure

The Company's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalized for an area of interest where it is considered likely to be recoverable by future exploration or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalized the expenditure under the policy, a judgment is made that recovery of the expenditure is unlikely, the relevant capitalized amount is written off in profit or loss.

2.5.3 Development and production expenditure

Development and production activities commence after project sanctioning by the appropriate level of management. Judgment is applied by the management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalized exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced development activity, a judgment is made that a development and production asset is impaired, the appropriate amount is written off in profit or loss.

2.5.4 Provision for decommissioning cost

Provision is recognized for the future decommissioning and restoration cost of oil and gas wells, production facilities and pipelines at the end of their useful lives. The timing of recognition requires the application of judgment to existing facts and circumstances, which can be subject to change. Estimates of the amount of provision recognized are based on current legal and constructive requirements, technology and price levels. Provision is based on the best estimates, however, the actual outflows can differ from estimated cash outflows due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future. The carrying amount of provision is reviewed annually and adjusted to take account of such changes.

2.5.5 Estimation of oil and natural gas reserves

Oil and gas reserves are an important element in calculation of amortization charge of development and production assets and for impairment testing of development and production assets and related property, plant and equipment of the Company. Estimates of oil and natural gas reserves are inherently imprecise, require the application of judgment and are subject to future revisions. Reserves are estimated with reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Changes to the estimates of reserves, affect the amount of amortization of development and production assets and impairment, if any, in the financial statements for development and production assets and related property, plant and equipment.

2.5.6 Employee benefits

Defined benefit plans are provided for regular/contractual employees of the Company. The employees pension and gratuity plan are structured as separate legal entities managed by trustees. The Company recognizes deferred liability for post retirement medical benefits and accumulating compensated absences. These calculations require assumptions to be made of future outcomes, the principal ones being in respect of increases in future remuneration and pension benefit levels, medical benefit rate and the discount rate used to convert future cash flows to current values. The assumptions used vary for the different plans as they are determined by independent actuaries annually.

Pension or service cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employees service during the year and the interest on the net liability/(asset) in respect of employee's service in previous years. Calculations are sensitive to changes in the underlying assumptions.

2.5.7 Taxation

The Company takes into account the current income tax laws and decisions taken by appellate authorities. The current tax payabale or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainity related to income taxes, if any. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and the Company considers that its view on items of material nature is in accordance with law, the amounts are disclosed as contingent liabilities.

2.5.8 Stores, spare parts and loose tools

The Company reviews the stores, spares and loose tools for possible write downs/ provisions on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

2.5.9 Measurement of the expected credit loss allowance

The measurement of the expected credit loss (“ECL”) allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of counter parties defaulting and the resulting losses).

Elements of the ECL models that are considered accounting judgments and estimates include:

- Development of ECL models, including the various formulas and choice of inputs
- Determining the criteria if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime ECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Determination of associations between macroeconomic scenarios and, economic inputs, and their effect on Probability of Default (PDs), Exposure At Default (EADs) and Loss Given Default (LGDs); and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models.

2.5.10 Provision against investments and financial assets not subject to ECL model

As referred in note 2.6.2, the Securities and Exchange Commission of Pakistan (SECP) has deferred applicability of ECL model in respect of financial assets due directly / ultimately from Government of Pakistan (GoP) till 30 June 2021. Accordingly, the Company reviews the recoverability of its trade debts and investments that are due directly / ultimately from GoP to assess whether there is any objective evidence of impairment as per requirements of IAS 39 'Financial Instruments: Recognition and Measurement' at each reporting date.

2.5.11 Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment to determine if the control of an identified asset has been passed between the parties. Control exists if substantially all of the economic benefits from the use of the asset are transferred to the lessee and the lessee has the ability to direct its use for a period of time. Further, the Company assesses the lease term as the non-cancellable lease term in line with lease contract together with the period for which the Company has extension options which the Company is reasonably certain to exercise and the periods for which the Company has termination options which the Company is not reasonably certain to exercise.

2.6 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

2.6.1 The following International Financial Reporting Standards (IFRS Standards), interpretations and the amendments as notified under Companies Act, 2017 are effective for accounting periods beginning from the dates specified below:

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The amendments are not likely to have impact on Company's financial statements.

- Amendment to IFRS 3 ‘Business Combinations’ (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to update references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and IFRIC 21 'Levies'. The amendment also confirms that contingent assets should not be recognised at the acquisition date. The amendments are not likely to have impact on Company's financial statements.

- Amendment to IFRS 4 ‘Insurance Contracts’. The fix expiry date for the exemption in IFRS 4 from applying IFRS 9 for an entity choosing to apply the deferral approach is now 01 January 2023. The amendments are not likely to have impact on Company's financial statements.

- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies', Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the International Accounting Standards Board (IASB) has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current (effective for the annual periods beginning on or after 1 January 2022). These amendments in the standard have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity’s right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The amendments are not likely to have impact on Company's financial statements.

- Amendments to IAS 16 'Property, Plant and Equipment' Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to have impact on Company's financial statements.

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022). It amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to have impact on Company's financial statements.

- Amendments to IFRS 9 'Financial Instruments, IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' Interest Rate Benchmark Reform (effective for annual financial periods beginning on or after 1 January 2020). The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS 16 'Leases' (effective for annual periods beginning before or after 01 June 2020). The amendments aim to provide practical relief for lessees in accounting for rent concessions. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
  - there is no substantive change to the other terms and conditions of the lease

  The amendments are not likely to have an impact on the Company's financial statements.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

  IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

  IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

  IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

  The above mentioned amendments are not likely to have an impact on Company's financial statements.

2.6.2 SECP through S.R.O. 985 (I)/2019 dated 02 September 2019 has notified that in respect of companies holding financial assets due from the Government of Pakistan (GoP), the requirements contained in IFRS 9 with respect to application of Expected Credit Loss (ECL) method shall not be applicable till 30 June 2021, provided that such companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' in respect of above referred financial assets during the exemption period. Earlier to the aforesaid S.R.O, SECP in a press release dated 22 August 2019 communicated that IFRS 9 needs to be looked into from Pakistan perspective where phenomenon that circular debt need to be given due consideration. It was noted that concerns expressed by companies regarding practical limitations in determining ECL on debts due from government, due to uncertain cash recovery patterns of circular debt, carry weight. Public information regarding expected settlement of circular debt by GoP in coming years may result in subsequent reversals of impairment losses recognized in 2019. Further, SECP vide letter No. EMD/IACC/9/2009-174 dated 05 September 2019 has clarified to the Company that financial assets due from GoP include those that are directly due from GoP and that are ultimately due from GoP in consequence of the circular debt. In accordance with the exemption granted by SECP, ECL has not been recognised in respect of financial assets due directly /ultimately from GoP which includes trade debts amounting to Rs 322,499 million (2019: Rs 241,506 million) from customers on account of Inter-corporate circular debt and principal and interest due on Term Finance Certificates (TFCs) outstanding from Power Holding (Private) Limited (PHPL) amounting to Rs 82,000 million (2019: Rs 82,000 million) and Rs 42,986 million (2019: Rs 31,732 million) respectively.

2.6.3 Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at 30 June 2020:

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

2.6.4 The following interpretations / IFRS issued by IASB have been waived off by SECP:

- IFRIC 12 – Service Concession Arrangements
- IFRS 2 – Share based payment in respect of Benazir Employees' Stock Option Scheme. Also refer note 44 to the financial statements.

3 CHANGE IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 "Leases" on the Company’s financial statements that has been adopted during the year:

3.1 IFRS 16 'Leases'

IFRS 16 ‘Leases’, has replaced the existing leasing guidance, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC-15 ‘Operating Leases-Incentives’ and SIC-27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’. The Company has adopted IFRS 16 from 01 July 2019 except for gas sale agreements with M/s Uch Power (Private) Limited (UPL) and M/s Uch II Power (Private) Limited (Uch-II). For UPL and Uch-II refer note 3.1.2 below.

3.1.1 As a Lessee

IFRS 16 has introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. In applying IFRS 16, the Company has opted not to recognize right of use assets for short-term leases i.e. leases with a term of twelve (12) months or less. The payments associated with such leases are recognized when incurred. In respect of lease arrangements of the Company as a lessee, the adoption of IFRS 16 does not have any other material impact on the Company's financial statements.

3.1.2 As a Lessor

Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company has gas sale agreements with M/s Uch Power (Private) Limited (UPL) and M/s Uch-II Power (Private) Limited (Uch-II). The Company is assessing its contractual arrangements with UPL and Uch-II to ascertain whether these constitute or contain "lease" based on the definition in IFRS 16. The Securities and Exchange Commission of Pakistan (SECP) vide letter dated 25 September 2020 has granted temporary exemption to the Company from application of IFRS 16 for its gas sale agreements with UPL and Uch-II for the financial statements for the year ended 30 June 2020 and subsequent interim financial statements for the quarter ending 30 September 2020. Had these aforementioned agreements with UPL and Uch-II been assessed as a leasing arrangement under IFRS 16, following adjustments to statement of financial position and statement of profit or loss would have been made:

	Cumulative effect upto	
	2020	**2019**
	-------------(Rupees '000)-------------	
STATEMENT OF FINANCIAL POSITION		
Non-current assets		
Derecognition of property, plant and equipment	(15,614,384)	(16,844,522)
Recognition of finance lease receivable	44,821,590	45,626,052
Current assets		
Derecognition of trade debts	(11,357,860)	(6,406,534)
Recognition of current portion of finance lease receivable	16,360,220	10,469,597
Non-current liabilities		
(Increase) in deferred taxation	(10,793,118)	(10,352,616)
Current liabilities		
Recognition of trade and other payables		
Workers' profit participation fund - net	(1,710,479)	(1,642,230)
Increase in unappropriated profit	21,705,969	20,849,747

	Effect for the year	
	2020	**2019**
	-------------(Rupees '000)-------------	
STATEMENT OF PROFIT OR LOSS		
Derecognition of sales - net	(11,931,511)	(9,911,505)
Decrease in operating expenses on account of		
Depreciation	1,230,138	1,223,510
Increase in other income on account of		
Exchange gain	4,148,536	11,091,309
Increase in finance income	7,917,810	7,050,905
(Increase) in workers' profit participation fund	(68,249)	(472,711)
(Increase) in taxation		
Deferred- charge for the year	(440,502)	(3,471,167)
Net effect	856,222	5,510,341
Increase in earnings per share - basic and diluted (Rupees)	0.20	1.28

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company except for the changes as disclosed in note 3 to these financial statements:

4.1 EMPLOYEE BENEFITS

Salaries, wages and benefits are accrued in the period in which the associated services are rendered by employees of the Company. The accounting policy for pension, gratuity, post retirement medical benefits and accumulating compensated absences is described below:

4.1.1 Pension, gratuity, post retirement medical benefits and accumulating compensated absences

The Company operates an approved funded pension scheme under an independent trust for its permanent employees regularized before 1 January 2016, as a defined benefit plan. The employees regularized from 1 January 2016 and onwards will be entitled to gratuity, a defined benefit plan and provident benefit, a defined contributory plan instead of pension benefit. In contributory provident fund, the Company shall match the contribution by employees upto one basic salary annually. The contractual employees of the Company are also entitled to gratuity. During the year, the Company has created a separate fund under an independent trust for its gratuity scheme.

The Company also provides post retirement medical benefits to its permanent employees in service prior to 28 April 2004 and their families as a defined benefit plan.

The Company also has a policy whereby its regular/contractual officers and regular staff are eligible to encash accumulated leave balance at the time of retirement in case of officers and at the time of retirement or during the service in case of regular staff.

The Company makes contributions or records liability in respect of defined benefit plans on the basis of actuarial valuations, carried out annually by independent actuaries. The latest actuarial valuations were carried out as of 30 June 2020. The calculations of actuaries are based on the Projected Unit Credit method, net of the assets guaranteeing the plan, if any, with the obligation increasing from year to year, in a manner that it is proportional to the length of service of the employees.

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the present value of the future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time, and is determined by applying the discount rate to the net defined benefit liability/(asset).

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited or charged in other comprehensive income in the year in which they arise.

Past service costs are recognized immediately in profit or loss.

4.2 TAXATION

Taxation for the year comprises current and deferred tax. Taxation is recognized in profit or loss except to the extent that it relates to items recognized outside profit or loss (whether in other comprehensive income or directly in equity), if any, in which case the tax amounts are recognized outside profit or loss.

4.2.1 Current tax

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any, adjusted for payments to GoP for payments on account of royalty and any adjustment to tax payable in respect of previous years.

4.2.2 Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable 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 taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences 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 assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in associates and interest in joint arrangements to the extent that it is probable that they will not reverse in a foreseeable future and the investor/joint operator is able to control the timing of the reversal of the temporary difference. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax has been calculated at the tax rate of 31.55% (30 June 2019: 31.52%) after taking into account depletion allowance and set offs, where available, in respect of royalty payment to the Government of Pakistan. The tax rate is reviewed annually.

4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any except for freehold land and capital work in progress, which are stated at cost less impairment loss, if any. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs and decommissioning cost as referred in the note 4.5.4 to the financial statements. The cost of self constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the assets to working condition for their intended use. Software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on straight line method at rates specified in note 13 to the financial statements so as to write off the cost of property, plant and equipment over their estimated useful life. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is available for intended use while no depreciation is charged for the month in which property, plant and equipment is disposed off.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within “other income” in the statement of profit or loss.

Capital work in progress is stated at cost less accumulated impairment losses, if any, and is transferred to the respective item of property, plant and equipment when available for intended use.

Impairment tests for property, plant and equipment are performed when there is an indication of impairment. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. The Company conducts annually an internal review of asset values which is used as a source of information to assess for any indications of impairment. External factors such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment. If any such indication exists, an estimate of the asset's recoverable amount is calculated being the higher of the fair value of the asset less cost to sell and the asset's value in use.

If the carrying amount of the asset exceeds its recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged in profit or loss so as to reduce the carrying amount of the property, plant and equipment to its recoverable amount.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the property, plant and equipment in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Company's continued use of the assets.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as cash generating units. Cash generating units are the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.4 LEASES

The Company assesses whether a contract is or contains a lease at the inception of the contract and whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration.

4.4.1 As a Lessee

Leases are recognized as a lease liability and a corresponding Right of Use ("ROU") asset at the date on which the leased asset is available for use by the Company. Liabilities and assets arising from a lease are initially measured on a present value basis. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate when the rate implicit in the lease is not readily available. The corresponding ROU assets are measured at the amount equal to the lease liability.

The lease liability is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee or if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company.

The ROU asset, initially measured at an amount equal to the corresponding lease liability, is depreciated on a straight-line basis, over the shorter of the estimated useful life of the asset or the lease term. The ROU asset may be adjusted for certain re-measurements of the lease liability and impairment losses.

Lease payments are allocated between the lease liability and finance costs.

Leases that have terms of less than twelve months or leases on which the underlying asset is of low value are recognized as an expense in the statement of profit or loss when incurred.

4.4.2 As a Lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee.

Finance lease

Leases where the Company transfers a substantial portion of the risks and rewards incidental to the ownership of an asset to the lessee are classified as finance leases.

The Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee including any unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment.

The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

Operating leases

The Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in IFRS 15.

4.5 OIL AND GAS ASSETS

The Company applies the "Successful efforts" method of accounting for Exploration and Evaluation (E&E) costs.

4.5.1 Pre license costs

Costs incurred prior to having obtained the legal rights to explore an area are charged directly to profit or loss as they are incurred.

4.5.2 Exploration and evaluation assets

Under the successful efforts method of accounting, all property acquisitions, exploratory/evaluation drilling costs are initially capitalized as intangible E&E assets in well, field or specific exploration cost centres as appropriate, pending determination.

Costs directly associated with an exploratory well are capitalized as an intangible asset until the drilling of the well is completed and results have been evaluated. Major costs include employee benefits, material, chemical, fuel, well services and rig operational costs. All other exploration costs including cost of technical studies, seismic acquisition and data processing, geological and geophysical activities are charged in the statement of profit or loss as exploration and prospecting expenditure.

Tangible assets used in E&E activities, include the Company's vehicles, drilling rigs, seismic equipment and other property, plant and equipment used by the Company's exploration function and are classified as property, plant and equipment. However, to the extent that such a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of property, plant and equipment utilized in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

Intangible E&E assets relating to each exploration license/field are carried forward, until the existence or otherwise of commercial reserves have been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value after any impairment loss of the relevant E&E assets is then reclassified as development and production assets and if commercial reserves are not found, the capitalized costs are written off as dry and abandoned wells and are charged to profit or loss.

E&E assets are not amortized prior to the conclusion of appraisal activities.

4.5.3 Development and production assets

Development and production assets are accumulated on a field by field basis and represent the cost of developing the discovered commercial reserves and bringing them into production, together with the capitalized E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in accounting policy 4.5.2 above. The cost of development and production assets also includes the cost of acquisition of such assets, directly attributable overheads, and the cost of recognizing provisions for future site restoration and decommissioning.

Expenditure carried within each field is amortized from the commencement of production on a unit of production basis, over the estimated useful life of the field determined by reference to proved reserves, on a field by field basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively. Amortization is charged to profit or loss.

4.5.4 Decommissioning cost

The activities of the Company normally give rise to obligations for site restoration. Restoration activities may include abandonment and removal of wells, facility decommissioning and dismantling, removal or treatment of waste materials, land rehabilitation, and site restoration.

Liabilities for decommissioning cost are recognized when the Company has an obligation for site restoration, and when a reliable estimate of that liability can be made. The Company makes provision in full for the decommissioning cost on the declaration of commercial discovery of the reserves, to fulfil the obligation of site restoration and rehabilitation. Where an obligation exists for a new facility, such as oil and natural gas production or transportation facilities, this will be on construction or installation. An obligation for decommissioning may also crystallize during the period of operation of a well/ facility through a change in legislation or through a decision to terminate operations. The amount recognized is the estimated cost of decommissioning, discounted to its net present value and the expected outflow of economic resources to settle this obligation is up to next forty one years. Decommissioning cost, as appropriate, relating to producing or shut-in fields / fields in development is capitalized to the cost of development and production assets and property, plant and equipment as the case may be. The recognized amount of decommissioning cost is subsequently amortized/depreciated as part of the capital cost of the development and production assets and property, plant and equipment.

While the provision is based on the best estimate of future costs and the economic life of the fields, there is uncertainty regarding both the amount and timing of incurring these costs. Any change in the present value of the estimated expenditure is dealt with prospectively and reflected as an adjustment to the provision and a corresponding adjustment to property, plant and equipment and development and production assets. The unwinding of the discount on the decommissioning provision is recognized as finance cost in the statement of profit or loss.

4.5.5 Impairment of oil and gas assets

E&E assets are assessed for impairment when facts and circumstances indicate that carrying amount may exceed the recoverable amount of E&E assets. Such indicators include, the point at which a determination is made that as to whether or not commercial reserves exist, the period for which the Company has right to explore has expired or will expire in the near future and is not expected to be renewed, substantive expenditure on further exploration and evaluation activities is not planned or budgeted and any other event that may give rise to indication that E&E assets are impaired.

Impairment test of development and production assets is also performed whenever events and circumstances arising during the development and production phase indicate that carrying amount of the development and production assets may exceed its recoverable amount. At the end of each reporting period, an assessment is made to determine whether there are any indications of impairment. Such circumstances depend on the interaction of a number of variables, such as the recoverable quantities of hydrocarbons, the production profile of the hydrocarbons, the cost of the development of the infrastructure necessary to recover the hydrocarbons, the production costs, the contractual duration of the production field and the net selling price of the hydrocarbons produced.

The carrying value is compared against expected recoverable amount of the oil and gas assets, generally by reference to the future net cash flows expected to be derived from such assets. The cash generating unit applied for impairment test purpose is generally field by field basis, except that a number of fields may be grouped as a single cash generating unit where the cash flows of each field are inter-dependent.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit in profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.6 INVESTMENTS IN ASSOCIATED COMPANIES

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of the associate have been incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Company's interest in that associate (which includes any long term interest that, in substance, form part of the Company's net investment in the associate) are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

4.7 STORES, SPARE PARTS AND LOOSE TOOLS

Stores, spare parts and loose tools are valued at the lower of cost and net realizable value less allowance for slow moving, obsolete and in transit items. Cost is determined on the moving average basis and comprises cost of purchases and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

Materials in transit are stated at cost comprising invoice value and other charges paid thereon.

4.8 STOCK IN TRADE

Stock in trade is valued at the lower of production cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated cost of production and selling expenses.

4.9 INTANGIBLES

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably. Intangible assets having definite useful life are stated at cost less accumulated amortization and are amortized based on the pattern in which the assets' economic benefits are consumed. Intangible assets which have indefinite useful life are not amortized and tested for impairment annually, if any.

4.10 REVENUE RECOGNITION

Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. Revenue associated with the sale of crude oil, natural gas and liquefied petroleum gas is measured based on the consideration specified in contracts with customers. Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of oil, natural gas and liquefied petroleum gas coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at a point in time and recognizes revenue relating to the performance.

Revenue is measured at the fair value of the consideration received or receivable which the Company expects to be entitled in exchange for transferring goods, net of government levies. Prices of crude oil and gas are specified in relevant agreements and / or as notified by the Government Authorities based on agreements with customers, relevant applicable petroleum policy or Petroleum Concession Agreements. Effect of adjustments, if any, arising from revision in sale prices is reflected as and when the prices are finalized with the customers and/or approved by the GoP.

Billings are generally raised by the end of each month which are payable within 30 to 45 days in accordance with the contractual arrangement with customers. Amounts billed or received prior to being earned, are deferred and recognized as advances from customers.

The Company collects signature bonus from its customers of liquefied petroleum gas at the time of signing of contracts against the allocation of fixed quantities to be supplied over the contract term. Accordingly performance obligation in case of signature bonus is satisfied over time and the Company recognizes signature bonus over the term of contract. The Company recognizes interest, if any, on delayed payments from customers / on investments only to the extent that it is highly probable that a significant reversal in the amount of income recognized will not occur when the uncertainty associated with the interest is subsequently resolved, which is when the interest on delayed payments is received by the Company.

4.11 FINANCE INCOME AND EXPENSE

Finance income comprises interest income on funds invested, delayed payments from customers, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss. Interest income of financial assets at amortized cost is calculated using the effective interest method and is recognized in statement of profit or loss as part of finance income. Interest income is calculated by applying the effective interest rate to gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial assets. Dividend income is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

Finance cost comprises interest expense on borrowings (if any), unwinding of the discount on provisions and bank charges. Mark up, interest and other charges on borrowings are charged to profit or loss in the period in which they are incurred.

4.12 JOINT OPERATIONS

Investments in joint arrangements are classified as either joint operations or joint ventures depending on contractual rights and obligations of the parties to the arrangement. The Company has assessed the nature of its arrangements and determined them to be joint operations.

The Company has recognized its share of assets, liabilities, revenues and expenses jointly held or incurred under the joint operations on the basis of latest available audited financial statements of the joint operations and where applicable, the cost statements received from the operator of the joint venture, for the intervening period up to the statement of financial position date. The difference, if any, between the cost statements and audited financial statements is accounted for in the next accounting year.

4.13 FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into PKR at the rate of exchange ruling on the statement of financial position date and exchange differences, if any, are credited/ charged to statement of profit or loss for the year.

4.14 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

4.14.1 Classification of financial assets

The Company classifies its financial assets in the following measurement categories:

- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVTOCI); and
- at amortised cost

The Company determines the classification of financial assets at initial recognition. the classification of instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. The Company reclassifies its debt investment when and only when its business model for managing those instruments changes.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

4.14.2 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss (FVTPL); and
- other financial liabilities

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

4.14.3 Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction cost of financial assets carried at FVTPL are expensed in statement of profit or loss. For asset measured at fair value, gains or losses will be either recorded in profit or loss or OCI. For investment in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

4.14.4 Subsequent measurement

Financial assets (other than equity instruments) and liabilities

- **at amortised cost**

Subsequent to the initital recognition, these are carried at amortised cost, and in the case of financial assets, less any impairment.

- **at FVTPL**

Subsequent to the initital recognition, realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Financial assets (other than equity instruments) at FVTOCI

Subsequent changes in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in statement of profit or loss.

Financial assets- equity instruments

The Company subsequently measure all equity instruments at fair value. Where the Company's management has elected to present fair value gain and loss on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

4.14.5 Impairment of financial assets

The Company recognizes loss allowance for ECL on financial assets measured at amortised cost except for financial assets due directly / ultimately from GoP which includes certain trade debts and investment in Term Finance Certificates (TFCs) issued by Power Holding (Private) Limited (PHPL) in respect of which applicability of ECL model is deferred by SECP as explained in note 2.6.2. For trade debts other than trade debts on which ECL model is not applicable as per aforesaid notification of SECP, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected allowance. The Company uses General 3-stage approach for loans and advances, deposits, Long term loans, long term investments other than TFCs on which ECL model is not applicable as per aforesaid notification of SECP, other receivables, other financial assets and cash and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instruments has not increased significantly since initial recognition.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months' ECL are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

In respect of financial assets due directly /ultimately from GoP, on which ECL model is not applicable as per the aforesaid notification of SECP, the financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

4.14.6 Derecognition

- **Financial assets**

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

- **Financial liabilities**

The Company derecognizes financial liabilities only when its obligations specified in the contracts are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

4.14.7 Offsetting of financial assets and financial liabilities

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

4.15 PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised in the statement of financial position when the Company has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of such obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessment of time value of money and risk specific to the liability.

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and at bank and includes 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.

4.17 DIVIDEND

Dividend disturbution to shareholders is accounted for in the period in which it is declared, unpaid / unclaimed dividend is recognized as a liability.

4.18 SELF INSURANCE SCHEME

The Company is following a policy to set aside reserve for self insurance of rigs, wells, plants, pipelines, buildings, inventory, vehicles, workmen compensation, terrorism and losses of petroleum products in transit and is keeping such reserve invested in specified investments.

4.19 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the Board of Directors views the Company’s operations as one reportable segment.

5 SHARE CAPITAL

Authorized share capital

2020	2019		2020	2019
------(Number of shares)---------			-----------(Rupees '000)----------	
5,000,000,000	5,000,000,000	Ordinary shares of Rs 10 each	50,000,000	50,000,000

Issued, subscribed and paid up capital

2020	2019		2020	2019
1,075,232,100	1,075,232,100	Ordinary shares of Rs 10 each issued for consideration other than cash (note 5.1)	10,752,321	10,752,321
3,225,696,300	3,225,696,300	Ordinary shares of Rs 10 each issued as fully paid bonus shares	32,256,963	32,256,963
4,300,928,400	4,300,928,400		43,009,284	43,009,284

5.1 In consideration for all the properties, rights, assets, obligations and liabilities of Oil and Gas Development Corporation vested in the Company, 1,075,232,100 ordinary fully paid shares of Rs 10 each were issued to the Government of Pakistan (GoP) on 23 October 1997. Currently, GoP holds 74.97% (2019: 74.97%) paid up capital of the Company.

6 RESERVES

	Note	2020	2019
		-----------(Rupees '000)-----------	
Capital reserves:			
Capital reserve	6.1	836,000	836,000
Self insurance reserve	6.2	13,500,000	11,020,000
Capital redemption reserve fund - associated company	6.3	2,118,000	2,118,000
Self insurance reserve - associated company	6.4	720,000	520,000
Other reserves:			
Undistributed percentage return reserve - associated company	6.5	95,580	120,483
		17,269,580	14,614,483

6.1 This represents bonus shares issued by former wholly owned subsidiary - Pirkoh Gas Company (Private) Limited (PGCL) prior to merger. Accordingly, the reserve is not available for distribution to shareholders.

6.2 The Company has set aside a specific capital reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, inventory, terrorism, vehicle repair and losses for petroleum products in transit. Refer note 16.2.1 for investments against this reserve. Accordingly, the reserve is not available for distribution to shareholders.

6.3 This represents Company's share of profit set aside by an associated company to redeem redeemable preference shares in the form of cash to the preference shareholders.

6.4 This represents Company's share of profit set aside by an associated company for self insurance of general assets, vehicles and personal accident for security personnel.

6.5 This represents Company's share of profit set aside by an associated company from distributable profits for the year related to undistributed percentage return reserve.

		Note	2020	2019
			(Rupees '000)	
7	**DEFERRED TAXATION**			
	The balance of deferred tax is in respect of following temporary differences:			
	Accelerated depreciation on property, plant and equipment		14,334,371	14,502,834
	Expenditure of prospecting, exploration and evaluation and development and production assets		4,220,725	5,516,652
	Provision for decommissioning cost		(196,191)	(991,083)
	Long term investment in associate		2,784,134	1,897,665
	Provision for doubtful debts, claims and advances		(113,977)	(87,982)
	Provision for slow moving and obsolete stores		(1,122,781)	(963,052)
	Unrealised exchange gain - net		4,166,999	3,576,295
	Others		-	120,555
			24,073,280	23,571,884
8	**DEFERRED EMPLOYEE BENEFITS**			
	Post retirement medical benefits	8.1	19,144,871	17,261,231
	Accumulating compensated absences	8.2	7,386,152	4,892,769
			26,531,023	22,154,000

8.1 Post retirement medical benefits

	2020	2019
Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	17,261,231	15,525,380
Current service cost	551,271	371,840
Interest cost	2,423,556	1,530,575
Past service cost	(1,146,809)	-
Benefits paid	(507,639)	(439,259)
Remeasurement loss recognized in other comprehensive income	563,261	272,695
Present value of defined benefit obligation at end of the year	19,144,871	17,261,231
Movement in liability recognized in the statement of financial position is as follows:		
Opening liability	17,261,231	15,525,380
Expense for the year	1,828,018	1,902,415
Benefits paid	(507,639)	(439,259)
Remeasurement loss recognized in other comprehensive income	563,261	272,695
Closing liability	19,144,871	17,261,231
Expense recognized is as follows:		
Current service cost	551,271	371,840
Interest cost	2,423,556	1,530,575
Past service cost	(1,146,809)	-
	1,828,018	1,902,415
The expense is recognized in the following:		
Operating expenses - profit or loss	1,003,915	1,035,673
General and administration expenses - profit or loss	246,782	257,962
Technical services	577,321	608,780
	1,828,018	1,902,415

	2020	2019
Significant actuarial assumptions used were as follows:		
Discount rate per annum	9.25%	14.25%
Medical inflation rate per annum - retired/ in service	9.25%	14.25%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10.46 years	7 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of a change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		-----------(Rupees '000)-----------	
Discount	1%	(2,643,751)	3,330,249
Medical indexation	1%	2,653,719	(2,209,121)
Withdrawal	10%	(611)	612

	1 year setback	**1 year set forward**
	-----------(Rupees '000)-----------	
Mortality	851,490	(766,286)

The expected medical expense for the next financial year is Rs 1,935.529 million.

	2020	**2019**
	-----------(Rupees '000)-----------	

8.2 Accumulating compensated absences

Present value of defined benefit obligation at beginning of the year	4,892,769	5,755,314
Charge for the year - net	4,012,638	1,133,472
Payments made during the year	(1,519,255)	(1,996,017)
Present value of defined benefit obligation at end of the year	7,386,152	4,892,769

The discount rate of 9.25% per annum (2019: 14.25%) and salary increase rate of 9.25% per annum (2019: 14.25%) were assumed. The mortality rate, withdrawal rate and weighted average duration of the obligation is assumed same as disclosed in note 8.1 above.

	Note	**2020**	**2019**
		-----------(Rupees '000)-----------	
The expense is recognized in the following:			
Operating expenses - profit or loss		2,198,857	613,576
General and administration expenses - profit or loss		522,078	136,339
Technical services		1,291,703	383,557
		4,012,638	1,133,472

The expected accumulating compensated expense for the next financial year is Rs 1,068.057 million.

9 PROVISION FOR DECOMMISSIONING COST

	Note	2020	2019
Balance at beginning of the year		22,862,587	19,465,075
Provision during the year		523,222	281,850
Decommissioning cost incurred during the year		(143,978)	(95,442)
Reversal in respect of fields decommissioned during the year		(480,019)	-
		22,761,812	19,651,483
Revision due to change in estimates		1,885,426	1,524,679
Unwinding of discount on provision for decommissioning cost	31	3,007,255	1,686,425
Balance at end of the year		27,654,493	22,862,587

	2020	**2019**
Significant financial assumptions used were as follows:		
Discount rate per annum	7.82% ~ 10.51%	13.68%
Inflation rate per annum	7.58%	9.30%

10 TRADE AND OTHER PAYABLES

	Note	2020	2019
		-----------(Rupees '000)-----------	
Creditors		670,392	953,478
Accrued liabilities		17,145,383	12,165,213
Payable to partners of joint operations	10.1	7,977,718	7,194,670
Retention money payable		6,133,678	4,720,986
Royalty payable to the Government of Pakistan		5,842,512	4,195,633
Excise duty payable		203,835	230,780
General sales tax payable		1,461,153	872,919
Gas Infrastructure Development Cess (GIDC) payable		6,874,851	4,383,426
Petroleum Levy payable		116,808	142,833
Withholding tax payable		306,959	852,897
Trade deposits	10.2	117,164	151,064
Workers' profit participation fund - net		7,529,732	9,294,706
Employees' pension trust	10.3	8,157,458	-
Gratuity fund	10.4	122,337	462,452
Advances from customers		2,621,375	2,103,553
Other payables		3,296,893	1,753,133
		68,578,248	49,477,743

10.1 This includes payable to related parties amounting to Rs 3,100 million (2019: Rs 2,473 million) as per relevant Petroleum Concession Agreement (PCA).

10.2 The entire amounts is utilisable for purpose of the Company's business.

10.3 Employees' pension trust

	2020	2019
	-----------(Rupees '000)-----------	
The amount recognized in the statement of financial position is as follows:		
Present value of defined benefit obligation	101,837,507	80,335,095
Fair value of plan assets	(93,680,049)	(87,685,460)
Liability / (asset) at end of the year	8,157,458	(7,350,365)
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	80,335,095	85,457,981
Current service cost	2,778,192	2,597,606
Interest cost	10,998,287	8,223,800
Benefits paid	(6,308,271)	(6,439,966)
Remeasurement loss/ (gain) recognized in other comprehensive income	14,034,204	(9,504,326)
Present value of defined benefit obligation at end of the year	101,837,507	80,335,095
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	87,685,460	81,982,765
Expected return on plan assets	12,132,685	8,136,263
Contributions	1,220,643	5,199,701
Benefits paid	(6,308,271)	(6,439,966)
Remeasurement loss recognized in other comprehensive income	(1,050,468)	(1,193,303)
Fair value of plan assets at end of the year	93,680,049	87,685,460
The movement in liability / (asset) recognized in the statement of financial position is as follows:		
Opening (asset)/ liability	(7,350,365)	3,475,216
Expense for the year	1,643,794	2,685,143
Remeasurement loss/ (gain) recognized in other comprehensive income during the year	15,084,672	(8,311,023)
Payments to the fund during the year	(1,220,643)	(5,199,701)
Closing liability / (asset)	8,157,458	(7,350,365)

	2020	2019
	-----------(Rupees '000)-----------	
Expense recognized is as follows:		
Current service cost	2,778,192	2,597,606
Net interest (income)/ cost	(1,134,398)	87,537
	1,643,794	2,685,143
Remeasurement loss / (gain) recognized in other comprehensive income:		
Remeasurement loss / (gain) on defined benefit obligation	14,034,204	(9,504,326)
Remeasurement loss on plan assets	1,050,468	1,193,303
	15,084,672	(8,311,023)

Plan assets comprise:

	2020			2019		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	-----(Rupees '000)-----					
Regular income certificates	-	73,921,920	73,921,920	-	73,222,216	73,222,216
Mutual funds	1,280,614	-	1,280,614	1,237,883	-	1,237,883
Term deposit receipts	-	15,860,423	15,860,423	-	12,493,870	12,493,870
Cash and bank balances	-	2,617,092	2,617,092	-	731,491	731,491
	1,280,614	92,399,435	93,680,049	1,237,883	86,447,577	87,685,460

Quoted plan assets comprise of 1.37% (2019: 1.41%) of total plan assets.

Funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The funds have no investment in the Company's own securities.

The pension plan is a defined benefit final salary plan invested through approved trust fund. The trustees of the fund are responsible for plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company.

The plan exposes the Company to various actuarial risks: investment risk, salary risk and longevity risk from the pension plan.

	2020	2019
	-----------(Rupees '000)-----------	
The expense is recognized in the following:		
Operating expenses - profit or loss	877,538	1,338,504
General and administration expenses - profit or loss	309,726	474,549
Technical services	456,530	872,090
	1,643,794	2,685,143
Actual return on plan assets	11,082,217	6,942,960

Significant actuarial assumptions used were as follows:

	2020	2019
Discount rate per annum	9.25%	14.25%
Salary increase rate per annum	9.25%	14.25%
Expected rate of return on plan assets per annum	9.25%	14.25%
Pension indexation rate per annum	5.00%	9.25%
Mortality rate	Adjusted SLIC 2001-2005	
Withdrawal rate	Low	Low
Weighted average duration of the obligation	10.46 years	7 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
	--------------------(Rupees '000)--------------------		
Discount	1%	(9,010,561)	10,822,010
Salary increase	1%	218,010	(348,886)
Pension indexation	1%	7,294,935	(6,232,446)
Withdrawal	10%	(5,811)	5,827

	1 year setback	**1 year set forward**
	-----------(Rupees '000)-----------	
Mortality	1,801,220	(1,649,719)

The Company expects to make a contribution of Rs 11,767 million (2019: Rs nil) to the employees' pension trust during the next financial year and the expected expense for the next year amounts to Rs 3,610 million.

	2020	**2019**
	-----------(Rupees '000)-----------	
10.4 Gratuity fund		
The amount recognized in the statement of financial position is as follows:		
Present value of defined benefit obligation	675,171	462,452
Fair value of plan assets	(552,834)	-
Liability at end of the year	122,337	462,452
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	462,452	184,450
Current service cost	187,752	67,233
Interest cost	61,646	16,065
Past service cost	-	204,317
Benefits paid	(15,250)	(5,000)
Remeasurement gain recognized in other comprehensive income	(21,429)	(4,613)
Present value of defined benefit obligation at end of the year	675,171	462,452
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	-	-
Expected return on plan assets	35,667	-
Contributions	515,834	-
Benefits paid	(15,250)	-
Remeasurement gain recognized in other comprehensive income	16,583	-
Fair value of plan assets at end of the year	552,834	-
The movement in liability recognized in the statement of financial position is as follows:		
Opening liability	462,452	184,450
Expense for the year	213,731	287,615
Remeasurement gain recognized in other comprehensive income during the year	(38,012)	(4,613)
Payments to the fund during the year	(515,834)	(5,000)
Closing liability	122,337	462,452
Expense recognized is as follows:		
Current service cost	187,752	67,233
Net interest cost	25,979	16,065
Past service cost	-	204,317
	213,731	287,615
Remeasurement gain recognized in other comprehensive income:		
Remeasurement gain on defined benefit obligation	21,429	4,613
Remeasurement gain on plan assets	16,583	-
	38,012	4,613

Significant actuarial assumptions used were as follows:	**2020**	**2019**
Withdrawal rate	Low	Low
Mortality rate	Adjusted SLIC 2001-2005	
Discount rate	9.25%	14.25%
Salary increase rate	9.25%	14.25%
Duration	10.46 years	7 years

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarizes how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in respective assumptions:

	Impact on defined benefit obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
	--------------------(Rupees '000)--------------------		
Discount	1%	(107,205)	133,714
Salary increase	1%	116,910	(98,431)
Withdrawal	10%	391	(395)

	1 year setback	**1 year set forward**
	-----------(Rupees '000)-----------	
Mortality	(366)	363

The Company expects to make a contribution of Rs 323.754 million to the employees' Gratuity fund during the next financial year and expected expense for the next year amounts to Rs 201.417 million.

Plan assets comprise:

	2020			**2019**		
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
	--(Rupees '000)--					
Term deposit receipts	-	543,199	543,199	-	-	-
Cash and bank balances	-	9,635	9,635	-	-	-
	-	552,834	552,834	-	-	-

Funds covered were invested within limits specified by regulations governing investment of approved retirement funds in Pakistan. The funds have no investment in the Company's own securities.

The gratuity plan is a defined benefit final salary plan invested through approved trust fund. The trustees of the fund are responsible for plan administration and investment. The Company appoints the trustees. All trustees are employees of the Company.

	2020	**2019**
	-----------(Rupees '000)-----------	
The expense is recognized in the following:		
Operating expenses - profit or loss	121,796	124,461
General and administration expenses - profit or loss	33,087	78,914
Technical services	58,848	84,240
	213,731	287,615

11 UNPAID DIVIDEND

This includes an amount of Rs 25,027 million (2019: Rs 22,110 million) payable to OGDCL Employees' Empowerment Trust (OEET). The payment of dividend has been withheld since GoP is considering to revamp Benazir Employees' Stock Option Scheme (BESOS) as communicated to the Company by Privatization Commission of Pakistan (PCP). PCP vide letter no. F. No. 13(4)12/PC/BESOS/OGDCL dated 15 May 2018 informed that the matter of BESOS, as a scheme, is pending adjudication before the Honorable Supreme Court of Pakistan, hence status quo may be maintained till final decision of Honorable Supreme Court of Pakistan. The Finance Division, GoP vide letter no. F. No. 2(39)BIU-I/2018-19 dated 15 April 2019 advised the Company to deposit the GoP share of dividend including interest, if any, lying in OEET account(s) or any other reserve/account till date in the Federal Consolidated Fund pursuant to decision of the Federal Cabinet in its meeting held on 09 April 2019.

Furthermore, PCP vide letter no. 1(1)PC/BESOS/F&A/2019 dated 08 May 2019, requested the Company not to remit any amounts on the account of BESOS in view of the decision of the Federal Cabinet. Based on the legal advise, OEET submitted its response to Petroleum Division on 05 August 2019 that the matter is pending adjudication before the Honourable Supreme Court of Pakistan, the transfer would commit breach of fiduciary duties of the trustees and therefore the directions to be kindly recalled.

During the year the Ministry of Energy, GoP, vide letter no. U.O. No. 8(9)/ 2014/D-III/BESOS, dated 27 December 2019 requested the Company to transfer Federal Government's share of dividend money to PCP on immediate basis as per the direction of Finance Division, GoP. OEET submitted its response vide letter no. OEET-127/2019 dated 30 December 2019 that in order to proceed further with the direction given above, it is requested that PCP withdraw the above mentioned letter no. F. No.13(4)12/PC/BESOS/OGDCL dated 15 May 2018 and all previous letters related to maintaining status quo in respect of this matter.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 Claims against the Company not acknowledged as debts amounted to Rs 1,262.824 million at year end (2019: Rs 1,631.581 million). Details of the major legal proceedings disclosed as contingencies are as follows:

Parties involved	Date of institution of the case	Court, agency or authority where proceedings are pending	Facts of the case and relief sought	2020	2019
				---------(Rupees '000)---------	
Commissioner Inland Revenue	25-Oct-18	Islamabad High Court	Alleged default surcharge and penalty on short payment of sales tax for the period of 1999-2000 to 2007-08, in respect of Uch gas field. Islamabad High court passed judgment against OGDCL. OGDCL filed a Civil Petition for Leave to Appeal (CPLA) in Supreme Court against the judgment. The Supreme Court vide order dated 25 October 2018 disposed off the matter and referred it back to Islamabad High Court for determination in accordance with law.	515,967	515,967
Commissioner Inland Revenue	3-Dec-18	Islamabad High Court	Alleged short payment of sales tax for the period 2008-2009, mainly relating to inadmissible input tax on account of hotel charges, inventory write off and disallowing adjustment of credit notes. Commissioner Inland Revenue Appeals (CIRA) decided the case in favour of the Company vide order dated 11 June 2012. Being aggrieved the Deputy Commissioner Inland Revenue (DCIR) filed an appeal before Appellate Tribunal Inland Revenue (ATIR). The ATIR upheld the decision of the CIRA on account of hotel charges and inventory write off while remanding back the adjustment of credit notes to the assessing officer vide order dated 27 August 2015. The assessing officer has not issued any notice in respect of the matter relating to adjustment of credit notes, which has become time barred and accordingly the related contingency is reduced during the year. The CIR filed reference before Islamabad High Court on account of hotel charges and inventory write off, which is currently pending. Management believes that the Company has rightfully claimed input tax in its returns.	47,313	337,364
M/s Sprint Oil and Gas Service Pakistan	18-Mar-19	Islamabad High Court	OGDCL withheld sales tax on services provided by M/s Sprint Oil and Gas Services Pakistan (Sprint). Sprint filed a petition claiming that it is the responsibility of OGDCL to bear the tax and that Sprint should be paid the amount in full, as per contract. Islamabad High Court vide order dated 01 March 2019 accepted the petition that services provided by Sprint were taxable and consequently the liability to pay sales tax was on the Company. However, the Company has filed an intra court appeal on 18 March 2019 and interim relief has been allowed to the Company. Management believes that the matter will be decided in favour of the Company.	123,020	123,020
Deputy Commissioner Inland Revenue	6-Sep-18	Appellate Tribunal Inland Revenue	Alleged short payment of sales tax for the period 2014-2015, relating to inadmissible input tax on account of hotel charges, vehicles and parts and input tax in respect of which output tax is unverified. CIRA upheld charges of Rs 65 million against the Company vide order dated 31 August 2018. The Company has filed appeal before ATIR which has been decided in favour of the Company on 27 August 2020.	64,667	64,667
				750,967	1,041,018
Other immaterial cases				511,857	590,563
				1,262,824	**1,631,581**

12.1.2 During the year ended 30 June 2019, Attock Refinery Limited (ARL) filed a writ petition against the Company before Islamabad High Court on 17 December 2018 and has disputed and withheld amounts invoiced to it on account of adjustment of premium or discount as announced by Saudi Aramco for deliveries to Asian customers/ destinations under the sale agreement signed on 13 March 2018. As at 30 June 2020, the amount withheld by ARL stands at Rs 2,246 million (2019: 1,957 million). Further, ARL has also claimed the amounts already paid in this respect during the period 2007 to 2012 amounting to Rs 562 million (2019: 562 million). The Islamabad High Court vide order dated 16 January 2019 granted interim relief to ARL until next hearing. The Company believes that the debit notes/ invoices have been raised in accordance with the sale agreements signed with GoP and no provision is required in this respect.

12.1.3 Oil and Gas Regulatory Authority (OGRA) vide its decision dated 22 June 2018 decided that LPG producers, in public or private sector, cannot charge signature bonus in compliance with LPG Policy 2016. The Company has challenged this decision in Islamabad High Court on 23 July 2018. Signature bonus recognized as income by the Company after decision of OGRA amounts to Rs 833.111 million (2019: Rs 584.391 million). Management believes that the matter will be decided in favour of the Company.

12.1.4 Certain banks have issued guarantees on behalf of the Company in ordinary course of business aggregating Rs 1.281 million (2019: Rs 1.281 million), refer note 25.1 to the financial statements.

12.1.5 For contingencies related to tax matters, refer note 23.1 to 23.3 and note 32.2.

12.1.6 For contingencies related to sales tax and federal excise duty, refer note 20.3 and 20.4.

12.1.7 For matter relating to conversion of certain blocks to Petroleum Policy 2012, refer note 26.3.

12.2 Commitments

12.2.1 Commitments outstanding at year end amounted to Rs 42,430.417 million (2019: Rs 56,073.030 million). These include amounts aggregating to Rs 24,360.796 million (2019: Rs 28,608.883 million) representing the Company's share in the minimum work commitments under Petroleum Concession Agreements.

12.2.2 Letters of credit issued by various banks on behalf of the Company in ordinary course of the business, outstanding at year end amounted to Rs 4,899.632 million (2019: Rs 6,689.964 million).

12.2.3 The Company's share of associate commitments at year end is as follows:

	2020	**2019**
	----------(Rupees '000)----------	
Capital expenditure:		
Share in joint operations	3,871,108	2,053,910
Others	1,180,036	560,886
	5,051,144	2,614,796

13 PROPERTY, PLANT AND EQUIPMENT

(Rupees '000)

Description	Freehold land	Leasehold land	Buildings, offices and roads on freehold land	Buildings, offices and roads on leasehold land	Plant and machinery	Rigs	Pipelines	Office and domestic equipment	Office and technical data computers	Furniture and fixtures	Vehicles	Decom-missioning cost	Capital work in progress (Note 13.4)	Stores held for capital expenditure	Total
Cost															
Balance as at 1 July 2018	264,326	54,039	4,472,853	6,893,658	167,694,727	5,186,679	20,143,961	1,303,145	2,049,378	167,327	5,454,153	1,948,450	2,363,737	4,587,693	222,584,126
Additions during the year	-	-	125,513	588,048	3,764,323	15,401	814,644	24,218	240,292	55,550	87,383	21,157	3,388,482	879,602	10,004,613
Revision due to change in estimate	-	-	-	(8,426)	(188,645)	-	(1,261)	-	-	-	-	172,896	-	-	(25,436)
Disposals/transfers during the year	-	-	-	-	(72,437)	(96,823)	-	(1,796)	(36,696)	(40)	(195,454)	-	(3,411,468)	(790,978)	(4,605,692)
Balance as at 30 June 2019	264,326	54,039	4,598,366	7,473,280	171,197,968	5,105,257	20,957,344	1,325,567	2,252,974	222,837	5,346,082	2,142,503	2,340,751	4,676,317	227,957,611
Balance as at 1 July 2019	264,326	54,039	4,598,366	7,473,280	171,197,968	5,105,257	20,957,344	1,325,567	2,252,974	222,837	5,346,082	2,142,503	2,340,751	4,676,317	227,957,611
Additions during the year	90	-	97,784	164,914	5,207,960	263,254	1,048,613	16,274	59,863	2,569	127,402	84,430	2,929,500	2,895,354	12,898,007
Revision due to change in estimate	-	-	-	-	(159,268)	-	(3,204)	-	-	-	-	656,358	-	-	493,886
Disposals/transfers during the year	-	-	-	-	(18,502)	(11,799)	-	(3,355)	(61,632)	(128)	(173,390)	-	(1,690,278)	(419,352)	(2,378,436)
Adjustments during the year	-	-	-	959,316	(959,316)	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	264,416	54,039	4,696,150	8,597,510	175,268,842	5,356,712	22,002,753	1,338,486	2,251,205	225,278	5,300,094	2,883,291	3,579,973	7,152,319	238,971,068
Depreciation															
Balance as at 1 July 2018	-	54,036	2,591,551	2,457,454	67,983,358	2,918,809	12,891,540	968,394	1,900,714	120,767	4,996,675	1,213,426	-	88,745	98,185,469
Charge for the year	-	-	194,925	340,449	9,141,860	399,618	1,264,383	90,805	246,184	13,847	186,752	82,565	-	(791)	11,960,597
On disposals	-	-	-	-	(37,213)	(53,975)	-	(1,484)	(35,835)	(36)	(181,991)	-	-	-	(310,534)
Balance as at 30 June 2019	-	54,036	2,786,476	2,797,903	77,088,005	3,264,452	14,155,923	1,057,715	2,111,063	134,578	5,001,436	1,295,991	-	87,954	109,835,532
Balance as at 1 July 2019	-	54,036	2,786,476	2,797,903	77,088,005	3,264,452	14,155,923	1,057,715	2,111,063	134,578	5,001,436	1,295,991	-	87,954	109,835,532
Charge for the year	-	-	205,661	629,604	9,327,925	406,144	1,313,818	90,282	87,190	14,312	165,945	456,949	-	(8)	12,697,822
On disposals	-	-	-	-	(18,423)	(11,793)	-	(3,193)	(60,628)	(125)	(158,327)	-	-	-	(252,489)
Adjustments during the year	-	-	-	294,190	(294,190)	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	-	54,036	2,992,137	3,721,697	86,103,317	3,658,803	15,469,741	1,144,804	2,137,625	148,765	5,009,054	1,752,940	-	87,946	122,280,865
Impairment															
Balance as at 1 July 2018	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2019	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Balance as at 1 July 2019	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	-	-	61,204	128,386	143,717	-	333	-	-	-	1,079	327	-	-	335,046
Carrying amount - 30 June 2019	264,326	3	1,750,686	4,546,991	93,966,246	1,840,805	6,801,088	267,852	141,911	88,259	343,567	846,185	2,340,751	4,588,363	117,787,033
Carrying amount - 30 June 2020	264,416	3	1,642,809	4,747,427	89,021,808	1,697,909	6,532,679	193,682	113,580	76,513	289,961	1,130,024	3,579,973	7,064,373	116,355,157
Rates of depreciation (%)	-	3.3~4	2.5~8	2.5~8	4~20	10	10	15	33.33	10	20	2.5~10	-	-	

13.1 Particulars of Company's significant immovable property including location and area of land are as follows:

Particulars of land and buildings	Field/ Location	District	Area of land in Acres
Dakhni plant residential colony	Dakhni	Attock	65.58
Dakhni (expansion of plant)	Dakhni	Attock	7.04
Sadqal road	Sadqal	Attock	1.33
I-9 workshop/ store/ OGTI Islamabad	Base store I-9	Islamabad	10.95
Head office	Head office blue area	Islamabad	0.73
Masood Mansion	F-8 Markaz	Islamabad	0.33
Plot	Kuri road	Islamabad	10.00
Plant residential colony	Nandpur	Multan	21.54
Plant residential colony	Dhodhak plant	Taunsa	381.82
Dhodak colony	Samajabad	Multan	31.92
Kot Adu logistic base	Kot Adu	Taunsa	29.74
Regional office	Quetta (Mastung)	Quetta	40.99
Filling point	Tando Alam	Hyderabad	20.28
Officers residential colony	Tando Alam	Hyderabad	11.02
Plant residential colony	Bobi	Sanghar	46.00
Plant residential colony	Qadirpur	Ghotki	389.63
Uch pipeline	Uch	Dera Bugti	107.00
Mela to Naspha flow line	Mela	Karak	15.84
Rajian well-1	Rajian	Chakwal	0.71
Tabular yard	Korangi	Karachi	2.53
Base store/ workshop	Korangi	Karachi	15.60
Medical center	Korangi	Karachi	0.15
Lodge , D-35	Clifton	Karachi	0.20
Computer center	Fateh Jang	Attock	0.50
Security check post	Nashpa plant	Karak	14.99
Base Store	Khadejee	Karachi	61.00
Base Store	Chak Naurang	Chakwal	2.46
Dhuliyan guest house	Pindi Gheb	Attock	0.25

13.2 Cost and accumulated depreciation as at 30 June 2020 include Rs 57,031 million (2019: Rs 53,058 million) and Rs 40,450 million (2019: Rs 36,796 million) respectively being the Company's share in property, plant and equipment relating to joint operations operated by other working interest owners and are not in possession and control of the Company.

Operator wise breakup is summarised below:

	2020	2019	2020	2019
	Cost		Accumulated depreciation	
	(Rupees '000)			
Pakistan Petroleum Limited	10,192,056	8,999,934	4,277,681	3,701,306
Eni Pakistan Limited	21,702,111	20,050,918	18,337,304	16,258,781
Pakistan Oilfields Limited	823,106	822,452	821,280	821,768
United Energy Pakistan Limited	2,904,477	2,905,270	2,862,815	2,841,382
Spud Energy Pty Limited	119,176	118,649	118,957	118,648
Ocean Pakistan Limited	338,972	340,231	298,938	275,528
MOL Pakistan Oil and Gas B.V.	14,946,092	14,572,614	9,200,729	8,553,350
OMV (Pakistan) Exploration	5,910,703	5,153,422	4,441,826	4,136,083
Petroleum Exploration (Pvt) Limited	94,704	94,042	90,460	89,554
	57,031,397	53,057,532	40,449,990	36,796,400

13.3 The depreciation charge has been allocated to:

	Note	2020	2019
		(Rupees '000)	
Operating expenses - profit or loss	27	11,611,402	10,820,698
General and administration expenses - profit or loss	30	170,764	201,372
Technical services		915,656	938,527
		12,697,822	11,960,597

13.4 Capital work in progress

	2020	2019
Production facilities and other civil works in progress:		
Wholly owned	465,414	379,486
Joint operations	3,072,601	1,939,092
	3,538,015	2,318,578
Construction cost of field offices and various bases/offices owned by the Company	41,958	22,173
	3,579,973	2,340,751

13.5 Details of property, plant and equipment sold:

	Cost	Book value	Sale proceeds	Gain/ (loss)
	(Rupees '000)			
Vehicles sold to following in-service/retiring employees as per Company's policy:				
Dr. Muhammad Saeed Khan	2,895	2,172	2,172	-
Mr. Zahid Mir	2,511	461	461	-
Mr. Irteza Ali Qureshi	2,511	1	251	250
Mr. Farrukh Aftab	2,017	1,043	1,043	-
Mr. Amin Ul Wahab	1,974	1,448	1,448	-
Mr. Munsif Hussain	1,974	1,546	1,546	-
Mr. Muhammad Hussain	1,974	1,612	1,612	-
Mr. Abdul Rauf Khajjak	1,972	330	330	-
Mr. Rehmatulla Khan	1,807	723	723	-
Mr. Khalid Javed	1,784	774	774	-
Mr. Safdar Shah	1,702	1	170	169
Mr. Muhammad Haroon	1,702	1	170	169
Mr. Irfan Babar Khan	1,399	1	140	139
Mr. Najeebullah Khan	1,340	1,095	1,095	-

	Cost	Book value	Sale proceeds	Gain/ (loss)
	-----------------------------(Rupees '000)-----------------------------			
Vehicles sold to following in-service/retiring employees as per Company's policy: -continued				
Mr. Mirza Waheed Ahmed	1,124	506	506	-
Mr. Ghulam Dawood	1,124	431	431	-
Mr. Shoib Shabih	1,124	469	469	-
Mrs. Farhat Noshin	1,074	1	107	106
Mr. Aamir Shaukat	1,074	1	107	106
Mrs. Afshan Kamran	1,074	1	107	106
Mrs. Seemin Arifa	1,074	1	107	106
Mrs. Najma Ashfaq	1,074	1	107	106
Mrs. Farzana Rajpar	1,074	1	107	106
Mr. Nusrat Mahesar	1,074	1	107	106
Mr. Mohammad Aslam	1,073	1	107	106
Mr. Mohammad Musa	1,073	1	107	106
Mr. Raza Muhammad Khoso	1,073	1	107	106
Mr. Sikandar Ali Shaikh	1,063	1	106	105
Mr. Ejaz Abbas Rizvi	1,053	106	106	-
Mr. Kausar Ali	1,053	1	105	104
Mr. Mehboob Elahi	1,053	141	141	-
Mr. Mehboob Ali Leghari	1,053	1	105	104
Mr. Iqbal Hussain	1,053	1	105	104
Mr. Ghulam Abbas	1,053	1	105	104
Mr. Zaid Ashraf	1,053	1	105	104
Mr. Zahoor Mohyuddin	1,053	106	106	-
Mr. Asif Kamal	1,053	106	106	-
Mr. M. Rizwan Ahmad	1,053	106	106	-
Mr. Abdul Hameed	1,053	106	106	-
Mr. Mohammad Akhtar	1,053	106	106	-
Mr. Sadiq UR Rehman	1,053	106	106	-
Mr. Amir Rafique	1,053	106	106	-
Mr. Ahsan Ali	1,053	106	106	-
Mr. Tariq Mahmood	1,053	106	106	-
Mr. Haroon Rashid	1,053	176	176	-
Mr. Khalid Mehmood Gill	1,034	225	225	-
Mr. Ghulam Murtaza	1,034	225	225	-
Mr. Nisar Ahmed	1,034	259	259	-
Mr. Mujahid Ali	1,034	276	276	-
Mr. Muhammad Aslam Baloch	1,033	1	103	102
Mr. Muhammad Yousaf	818	1	82	81
	66,622	14,994	17,589	2,595
Computers/mobile phones, with individual book value not exceeding Rs 500,000, sold to employees as per Company's policy	22,126	985	2,737	1,752
Items of property, plant and equipment with individual book value not exceeding Rs 500,000 sold through public auction	180,058	338	54,869	54,531
30 June 2020	**268,806**	**16,317**	**75,195**	**58,878**
30 June 2019	403,246	92,712	91,263	(1,449)

14 DEVELOPMENT AND PRODUCTION ASSETS

(Rupees '000)

Description	Producing fields		Shut-in fields/ fields in development		Wells in progress (Note 14.1)	Sub total	Decom-missioning cost	Total
	Wholly owned	Joint operations	Wholly owned	Joint operations				
Cost								
Balance as at 1 July 2018	79,788,809	126,599,736	15,246,766	25,060,496	2,656,443	249,352,250	4,148,698	253,500,948
Adjustment	8,703,432	1,844,974	(8,703,432)	(1,844,974)	-	-	-	-
Additions during the year - Note: 14.2	-	-	-	-	12,116,815	12,116,815	260,693	12,377,508
Revision due to change in estimate	(131,399)	(137,288)	(1,120)	(1,936)	-	(271,743)	2,106,027	1,834,284
Transfer from exploration and evaluation assets during the year	-	-	-	1,290,779	-	1,290,779	-	1,290,779
Transfers in/(out) during the year	1,224,585	7,210,519	48,976	141,998	(8,626,078)	-	-	-
Balance as at 30 June 2019	89,585,427	135,517,941	6,591,190	24,646,363	6,147,180	262,488,101	6,515,418	269,003,519
Balance as at 1 July 2019	89,585,427	135,517,941	6,591,190	24,646,363	6,147,180	262,488,101	6,515,418	269,003,519
Adjustment	(4,871,314)	966,166	4,871,314	(966,166)	-	-	-	-
Additions during the year - Note: 14.2	-	-	-	-	15,636,918	15,636,918	438,792	16,075,710
Fields decommissioned/ surrendered during the year	(3,395,866)	-	-	-	-	(3,395,866)	(143,235)	(3,539,101)
Revision due to change in estimate	(1,667)	(20,180)	-	-	-	(21,847)	1,457,819	1,435,972
Transfer from exploration and evaluation assets during the year	-	369,803	-	6,443,095	-	6,812,898	-	6,812,898
Stores held for development and production activities	-	-	-	-	2,412,807	2,412,807	-	2,412,807
Transfers in/(out) during the year	3,525,065	12,438,500	879,609	74,499	(16,917,673)	-	-	-
Balance as at 30 June 2020	84,841,645	149,272,230	12,342,113	30,197,791	7,279,232	283,933,011	8,268,794	292,201,805
Amortization								
Balance as at 1 July 2018	58,748,287	89,396,022	402,337	1,981,141	-	150,527,787	2,722,081	153,249,868
Adjustment	(296,838)	(497,945)	296,838	497,945	-	-	-	-
Charge for the year	7,732,935	9,876,656	1,065	(1,469)	-	17,609,187	338,253	17,947,440
Balance as at 30 June 2019	66,184,384	98,774,733	700,240	2,477,617	-	168,136,974	3,060,334	171,197,308
Balance as at 1 July 2019	66,184,384	98,774,733	700,240	2,477,617	-	168,136,974	3,060,334	171,197,308
Adjustment	(3,813,078)	(660,734)	3,813,078	660,734	-	-	-	-
Fields decommissioned/ surrendered during the year	(3,029,549)	-	-	-		(3,029,549)	(117,288)	(3,146,837)
Charge for the year	5,491,349	10,734,254	-	-	-	16,225,603	1,021,458	17,247,061
Balance as at 30 June 2020	64,833,106	108,848,253	4,513,318	3,138,351	-	181,333,028	3,964,504	185,297,532
Impairment								
Balance as at 1 July 2018	1,691,534	1,004,360	966,035	1,920,296	-	5,582,225	265,302	5,847,527
Charge for the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2019	1,691,534	1,004,360	966,035	1,920,296	-	5,582,225	265,302	5,847,527
Balance as at 1 July 2019	1,691,534	1,004,360	966,035	1,920,296	-	5,582,225	265,302	5,847,527
Fields decommissioned/ surrendered during the year	(366,317)	-	-	-	-	(366,317)	(25,947)	(392,264)
Charge for the year	-	-	-	-	-	-	-	-
Balance as at 30 June 2020	1,325,217	1,004,360	966,035	1,920,296	-	5,215,908	239,355	5,455,263
Carrying amount - 30 June 2019	21,709,509	35,738,848	4,924,915	20,248,450	6,147,180	88,768,902	3,189,782	91,958,684
Carrying amount - 30 June 2020	18,683,322	39,419,617	6,862,760	25,139,144	7,279,232	97,384,075	4,064,935	101,449,010

14.1 Wells in progress at year end represent:

	2020	2019
	(Rupees '000)	
Wholly owned	2,847,848	2,343,994
Joint operations	2,018,577	3,803,186
Stores held for development and production activities	2,412,807	-
	7,279,232	6,147,180

14.2 This includes an amount of Rs 3,852 million (2019: Rs 2,118 million) on account of expenditure incurred on short term leases during the year.

15 EXPLORATION AND EVALUATION ASSETS

	Note	2020	2019
		(Rupees '000)	
Balance at beginning of the year		15,129,892	6,329,728
Additions during the year	15.1	17,408,312	16,182,738
		32,538,204	22,512,466
Cost of dry and abandoned wells during the year	29	(10,025,964)	(6,091,795)
Cost of wells transferred to development and production assets during the year		(6,812,898)	(1,290,779)
		(16,838,862)	(7,382,574)
		15,699,342	15,129,892
Stores held for exploration and evaluation activities		721,262	86,932
Balance at end of the year		16,420,604	15,216,824

15.1 This includes an amount of Rs 1,851 million (2019: Rs 2,222 million) on account of expenditure incurred on short term leases during the year. Expenditure incurred during the year amounting to Rs 389 million (2019: Rs 121 million) was transferred to exploration and prospecting expenditure on account of cost of dry and abandoned wells during the year and Rs 102 million (2019: 407 million) was transferred to development and production assets during the year.

15.2 Liabilities, other assets and expenditure incurred on exploration and evaluation activities are:

	Note	2020	2019
		(Rupees '000)	
Liabilities related to exploration and evaluation		2,118,804	2,177,466
Exploration and prospecting expenditure	29	18,213,438	12,499,324

16 LONG TERM INVESTMENTS

	Note	2020	2019
Investment in related party - associate, quoted	16.1	18,634,390	12,724,599
Investments at amortised cost	16.2	42,583,441	10,170,987
		61,217,831	22,895,586

16.1 Investment in related party - associate, quoted

	2020	2019
Mari Petroleum Company Limited (MPCL)		
Cost of investment (26,680,500 (2019: 24,255,000) fully paid ordinary shares of Rs 10 each including 19,330,500 (2019: 16,905,000) bonus shares)	73,500	73,500
Post acquisition profits brought forward	12,651,099	7,966,833
	12,724,599	8,040,333
Share of profit for the year - net of taxation	6,062,575	4,865,418
Share of other comprehensive gain/ (loss) of the associate - net of taxation	3,801	(30,274)
Dividend received	(156,585)	(150,878)
	5,909,791	4,684,266
	18,634,390	12,724,599

16.1.1 MPCL is a listed company incorporated in Pakistan and is principally engaged in exploration, production and sale of hydrocarbons. The Company has 20% (2019: 20%) holding in the associate. The market value of the investment in associate as of the year end is Rs 32,994 million (2019: Rs 24,481 million). During the year, MPCL issued 10% bonus shares i.e. 2,425,500 shares, increasing the total number of shares held by the Company to 26,680,500 shares (2019: 24,255,000 shares). At the year end 222,337 bonus shares (2019: 202,125) have not been issued by MPCL due to pending resolution of issue relating to withholding tax on issuance of bonus shares.

16.1.2 The tables below provides summarized financial statements for the associate. The information disclosed reflects the amounts presented in the annual audited financial statements of the associate for the year ended 30 June 2020 (2019: year ended 30 June 2019) and not the Company's share of those amounts.

	2020	2019
	------------(Rupees '000)------------	
Summarized statement of financial position		
Current assets	239,912,114	183,654,952
Non-current assets	42,165,189	36,407,254
Current liabilities	(178,586,058)	(146,397,515)
Non-current liabilities	(10,342,139)	(10,057,962)
Net assets	93,149,106	63,606,729
Reconciliation to carrying amounts:		
Opening net assets	63,606,729	40,191,738
Total comprehensive income for the year	30,331,877	24,175,716
Dividends paid	(789,500)	(760,725)
Closing net assets	93,149,106	63,606,729
Company's percentage shareholding in the associate	20%	20%
Company's share in carrying value of net assets	18,629,821	12,721,346
Others	4,569	3,253
Carrying amount of investment	18,634,390	12,724,599
Summarized statement of comprehensive income		
Revenue for the year - gross	126,847,608	117,542,103
Profit for the year	30,312,873	24,327,088
Other comprehensive income/ (loss) for the year	19,004	(151,372)
Total comprehensive income for the year	30,331,877	24,175,716

16.1.3 Effective 1 July 2014, the cost plus wellhead gas pricing formula was replaced with a crude oil price linked formula which provides a discounted wellhead gas price. The revised formula provides dividend distribution to be continued for next ten years, from 2014, in line with the previous cost plus formula. Accordingly, the shareholders are entitled to a minimum or maximum return of 30%, net of all taxes, on shareholders' funds which is to be escalated in the event of increase in MPCL's gas or equivalent oil production beyond the level of 425 MMSCFD at the rate of 1%, net of all taxes, on shareholders' funds for each additional 20 MMSCFD of gas or equivalent oil produced, prorated for part thereof on annual basis, subject to a maximum of 45%. Any residual profits for the next ten years, from 2014, are to be reinvested for exploration and development activities in Mari as well as outside Mari field.

		Note	2020	2019
			------------(Rupees '000)------------	
16.2	**Investments at amortised cost**			
	Term Deposit Receipts (TDRs)	16.2.1	12,713,049	-
	Treasury Bills (T-Bills) - Government of Pakistan	16.2.2	-	10,209,629
	Investment in Term Finance Certificates (TFCs)	16.2.3	124,985,818	113,731,544
			137,698,867	123,941,173
	Less: Current portion shown under current assets			
	Term Deposit Receipts (TDRs)		(879,608)	-
	Treasury Bills (T-Bills) - Government of Pakistan		-	(38,642)
	Investment in Term Finance Certificates (TFCs)		(94,235,818)	(113,731,544)
		16.2.4	(95,115,426)	(113,770,186)
			42,583,441	10,170,987

16.2.1 This represents investments in local currency TDRs and carry effective interest rate of 13.10% to 14% per annum (2019: nil). TDRs have maturities of one (1) to five (5) years. These have been classified as non-current assets based on management's intention to reinvest in the like investment for a longer term. These investments are earmarked against self insurance reserve as explained in note 6.2 to the financial statements.

16.2.2 This represents investment in T-Bills and carried effective yield of nil (2019: 12.61%) per annum.

16.2.3 This represents investment in Privately Placed TFCs amounting to Rs 82,000 million. In 2013, the Government of Pakistan (GoP), for partial resolution of circular debt issue prevailing in the energy sector, approved issuance of TFCs amounting to Rs 82,000 million by PHPL, which is government owned entity and a related party. These TFCs were subscribed by the Company in order to settle its overdue receivables from oil refineries and gas companies.

As per original terms of investor agreement between the Company and PHPL, TFCs were for a period of seven (7) years including grace period of three (3) years carrying interest rate of KIBOR + 1%, payable semi-annually. The principal portion of these TFCs was to be paid in eight (8) equal installments starting from 42nd month of date of transaction. National Bank of Pakistan executed the transaction on 10 September 2012 as Trustee. These TFCs are secured by Sovereign Guarantee of GoP, covering the principal, markup, and/or any other amount becoming due for payment in respect of investment in TFCs.

On 23 October 2017, PHPL has communicated to the Company that a proposal was submitted by the Ministry of Energy (Power Division) to Economic Coordination Committee (ECC) of the Cabinet for extension in the tenure of TFCs of Rs 82 billion from seven (7) years to ten (10) years including extension in grace period from three (3) years to six (6) years. The ECC of the Cabinet considered and approved the proposal of Ministry of Energy (Power Division) subject to the condition that a revised term sheet, based on above, with the Company shall be agreed by PHPL. During the year, the Board of Directors resolved that management may take further steps for the extension of investor agreement with PHPL for a further period of three (3) years. Currently, management is in discussion with PHPL for signing the revised term sheet with PHPL as per the terms approved by ECC. As at 30 June 2020, the principal balance of TFCs amounting to Rs 30,750 million has been reclassified to non-current assets on the basis of expected realization of the principal balance of TFCs as per the revised term sheet to be signed with PHPL. As per the revised terms, principal repayment amounting to Rs 30,750 million was past due as at 30 June 2020. Further, interest due as of 30 June 2020 was Rs 42,986 million (2019: 31,732 million) of which Rs 39,561 million (2019: 28,723 million) was past due at year end. The Company considers the principal and interest to be fully recoverable as these are backed by Sovereign Guarantee of GoP. Adjustments, if any, will be made after execution of extension in the investor agreement. As referred in note 2.6.2, SECP has deferred the applicability of Expected Credit Loss (ECL) model till 30 June 2021 on financial assets due directly / ultimately from GoP.

16.2.4 Current portion includes Rs 879.608 million (2019: Rs nil), Rs nil (2019: Rs 38.642 million) and Rs 42,986 million (2019: Rs 31,732 million) representing accrued markup on TDRs, T-Bills and TFCs respectively.

		Note	2020	2019
			(Rupees '000)	
17	**LONG TERM LOANS**			
	Long term loans:			
	Secured	17.1	8,468,690	8,085,201
	Unsecured		-	-
			8,468,690	8,085,201
17.1	**Long term loans - secured**			
	Considered good:			
	Loans to employees	17.1.1	10,195,571	9,613,346
	Current portion shown under loans and advances	20	(1,726,881)	(1,528,145)
			8,468,690	8,085,201
17.1.1	Movement of carrying amount of loans to executives and other employees:			
	Balance at beginning of the year		9,613,346	8,647,829
	Disbursements		2,309,897	2,423,836
	Repayments		(1,727,672)	(1,458,319)
	Balance at end of the year		10,195,571	9,613,346

17.1.2 The loans are granted to the employees of the Company in accordance with the Company's service rules. House building and conveyance loans are for maximum period of 15 and 5 years respectively. These loans are secured against the underlying assets. Included in these are loans of Rs 9,162.872 million (2019: Rs 8,592.898 million) which carry no interest. The balance amount carries an effective interest rate of 11.53% (2019: 6.62%) per annum. Interest free loans to employees have not been discounted as required by IFRS 9 "Financial Instruments" as its effect is immaterial.

17.1.3 Loans to employees include an amount of Rs 56.673 million (2019: Rs 23.125 million) receivable from key management personnel. Maximum aggregate amount outstanding at any time during the year was Rs 88.904 million (2019: Rs 23.125 million).

		Note	2020	2019
			------------(Rupees '000)------------	
18	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores, spare parts and loose tools		20,006,902	20,205,683
	Stores and spare parts in transit		2,278,382	1,601,474
			22,285,284	21,807,157
	Provision for slow moving, obsolete and in transit stores	18.1	(3,558,734)	(3,055,367)
			18,726,550	18,751,790
18.1	Movement of provision for slow moving, obsolete and in transit stores			
	Balance at beginning of the year		3,055,367	2,943,277
	Provision for the year		503,367	112,090
	Balance at end of the year		3,558,734	3,055,367
19	**TRADE DEBTS**			
	Un-secured, considered good		325,620,971	242,741,558
	Un-secured, considered doubtful		101,113	101,113
			325,722,084	242,842,671
	Provision for doubtful debts		(101,113)	(101,113)
	Trade debts written off		-	(9,618)
			325,620,971	242,731,940

19.1 Trade debts include overdue amount of Rs 275,195 million (2019: Rs 194,179 million) on account of Inter-corporate circular debt, receivable from oil refineries and gas companies out of which Rs 130,536 million (2019: Rs 99,653 million) and Rs 106,625 million (2019: Rs 72,165 million) is overdue from related parties, Sui Southern Gas Company Limited and Sui Northern Gas Pipeline Limited respectively. The Government of Pakistan (GoP) is committed, hence continuously pursuing for satisfactory settlement of Inter-corporate circular debt issue, however, the progress is slower than expected resulting in accumulation of Company's trade debts. The Company considers this amount to be fully recoverable because the Government of Pakistan has been assuming the responsibility to settle the Inter-corporate circular debt in the energy sector. The Company recognizes interest/ surcharge, if any, on delayed payments from customers only to the extent that it is highly probable that a significant reversal in the amount of income recognized will not occur when the uncertainty associated with the interest/ surcharge is subsequently resolved, which is when the interest/ surcharge on delayed payments is received by the Company. As referred in note 2.6.2, SECP has deferred the applicability of ECL model till 30 June 2021 on financial assets due directly/ ultimately from GoP in consequence of the circular debt.

19.2 Total amount due from related parties as on 30 June 2020 is Rs 265,080 million (2019: Rs 199,113 million) and maximum amount due at the end of any month during the year was Rs 265,080 million (2019: Rs 199,113 million). For party wise details refer note 39.

19.3 Included in trade debts is an amount of Rs 7,617 million (2019: Rs 5,032 million) receivable from three Independent Power Producers and a fertilizer company on account of Gas Infrastructural Development Cess (GIDC) and related sales tax paid/ payable thereon.

19.4 For aging of amount due from related parties, refer note 36.1.3.

		Note	2020	2019
			------------(Rupees '000)------------	
20	**LOANS AND ADVANCES**			
	Advances considered good:			
	Suppliers and contractors		273,357	148,562
	Sales tax	20.3 & 20.4	3,568,552	3,568,552
	Adhoc salaries and festival advance		989,470	911,197
	Others		45,880	25,920
			4,877,259	4,654,231
	Receivable from partners in joint operations	20.1 & 20.2	6,718,200	3,486,923
	Current portion of long term loans - secured	17.1	1,726,881	1,528,145
			13,322,340	9,669,299
	Advances considered doubtful		187,655	187,835
			13,509,995	9,857,134
	Provision for doubtful advances		(187,655)	(187,835)
	Loans and advances written off		(180)	-
			13,322,160	9,669,299

20.1 Total amount due from related party and associated companies as partner in joint operations in accordance with terms of related Petroleum Concession Agreement (PCA) in relation to operational activities of the Concessions as on 30 June 2020 is Rs 4,813 million (2019: Rs 1,947 million) and maximum amount due at the end of any month during the year was Rs 4,813 million (2019: Rs 3,486 million). For name wise details refer note 39.

20.2 For aging of amount due from related parties, refer note 36.1.3.

20.3 This includes an amount of Rs 3,180 million (2019: Rs 3,180 million) paid under protest to Federal Board of Revenue (FBR) on account of sales tax demand raised in respect of capacity invoices from Uch gas field for the period July 2004 to March 2011. Based on Sales Tax General Order (STGO) 1 of 2000 dated 24 January 2000, the matter was argued before various appellate forums, however, the Supreme Court of Pakistan finally decided the issue against the Company on 15 April 2013. The FBR granted time relaxation to the Company for issuance of debit note for an amount of Rs 750 million for the period April 2011 to May 2012, accounted for as trade debt. Uch Power Limited (UPL) challenged the grant of time relaxation to the Company by FBR before Islamabad High Court. On 27 December 2013, the Honorable Court decided the matter in favor of the Company. In light of the Islamabad High Court decision, the Company has applied to FBR for obtaining condonation of time limit for issuing debit notes to UPL/revision of sales tax returns for the remaining amount of Rs 3,180 million for the period July 2004 to March 2011 and currently the matter is pending with FBR.

UPL filed an intra court appeal against the decision of the Islamabad High Court (IHC). IHC through its order dated 17 November 2016 dismissed the intra court appeal in favour of the Company. In January 2017, UPL filed Civil Petition for Leave to Appeal (CPLA) against the Company and others, before the Honorable Supreme Court of Pakistan against the decision of IHC, which is currently pending. FBR has linked the disposal of OGDCL's condonation request with the outcome of UPL's aforementioned CPLA. The Company and its legal advisors are confident that CPLA of UPL before Honorable Supreme Court of Pakistan will be decided in favour of the Company and required condonations will be obtained and the amount will be recovered from UPL. Accordingly no provision in this respect has been made in these financial statements.

20.4 This also includes recoveries of Rs 317 million (2019: Rs 317 million) made by the tax department during the year ended 30 June 2016, against Sales Tax and Federal Excise Duty (FED) demand of Rs 7,113 million (2019: Rs 7,373 million) relating to periods July 2012 to June 2015. The Honorable Appellate Tribunal Inland Revenue (ATIR) has accepted the Company's appeals for the period 2012-13, 2013-14 and subsequent to the year end, for the period 2014-15 and annulled the demands of Rs 1,821 million, Rs 4,887 million and Rs 405 million respectively, passed by the tax authorities being void ab-initio and without jurisdiction. The Commissioner Inland Revenue (CIR) has filed sales tax reference before Islamabad High Court (IHC) against judgments of ATIR for the period 2012-13 and 2013-14 on 9 February 2018. These demands were raised by tax authorities due to difference between computation of sales/ production reported by the Company in its sales tax return and sales/ production based on other sources of data. The Company believes that these demands were raised without legal validity and will be decided by IHC in its favour as already decided by ATIR in favour of the Company.

		Note	2020	2019
			------------(Rupees '000)------------	
21	**DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits		29,287	28,582
	Short term prepayments		1,284,083	1,301,301
			1,313,370	1,329,883
22	**OTHER RECEIVABLES**			
	Development surcharge		80,666	80,666
	Employees' pension trust	10.3	-	7,350,365
	Claims receivable		25,226	64,039
	Others		469,413	267,358
			575,305	7,762,428
	Claims considered doubtful		9,637	9,637
			584,942	7,772,065
	Provision for doubtful claims		(9,637)	(9,637)
			575,305	7,762,428

	Note	2020	2019
		------------(Rupees '000)------------	
23 INCOME TAX - ADVANCE			
Income tax- advance at beginning of the year		20,027,510	37,278,361
Income tax paid during the year		51,524,836	41,649,854
Provision for current taxation - profit or loss	32	(42,481,837)	(54,621,860)
Tax credit/ (charge) related to remeasurement (loss) / gain on employee retirement benefit plans - other comprehensive income		8,048,475	(4,278,845)
Income tax - advance at end of the year	23.1 to 23.3	37,118,984	20,027,510

23.1 This includes amount of Rs 21,785 million (2019: Rs 21,785 million) paid to tax authorities on account of disallowance of actuarial loss amounting to Rs 43,134 million which the Company claimed in its return for the tax years 2014 to 2018. This actuarial loss was recognized in the books as a result of retrospective application of IAS 19 (as revised in June 2011) 'Employee Benefits' from the year ended 30 June 2014 and onwards. CIRA disallowed the actuarial loss for tax years 2015 and 2016, however, allowed to claim the actuarial loss for tax years 2014, 2017 and 2018 over a period of seven years. Being aggrieved, the Company has filed appeals against the orders of CIRA in the Appellate Tribunal Inland Revenue (ATIR) for tax years 2014, 2015, 2016, 2017 and 2018 on 08 January 2016, 30 June 2020, 05 January 2018, 21 August 2019 and 12 February 2020 respectively, which are currently pending. The management, based on opinion of its tax consultant, believes that the actuarial loss is an admissible expense under the tax laws and there is reasonable probability that the matter will be decided in favor of the Company by appellate forums available under the law.

23.2 During the year ended 30 June 2014, tax authorities raised demands of Rs 13,370 million (2019: Rs 13,370 million) by disallowing effect of price discount on sale of crude from Kunnar field and have recovered Rs 5,372 million (2019: Rs 5,372 million) from the Company upto 30 June 2020. During the year ended 30 June 2015, appeal before ATIR against the said demands were decided against the Company. The Company filed a reference application before Islamabad High Court (IHC) against the decision of ATIR. IHC vide order dated 17 February 2016, set aside the order of ATIR and remanded the case back to ATIR with the instructions to pass a speaking order. The case is currently pending before ATIR. Further, IHC vide order dated 14 January 2019 directed ATIR to decide the appeal expeditiously and until seven days after the decision on the Company's appeal, the tax department is restrained from adopting coercive measures for the recovery of the disputed tax liability in the event the appeal is dismissed. Management and its legal advisor are of the view that the price discount is not the income of the Company and hence not liable to tax. Accordingly, management is confident that the matter will be decided in favor of the Company as the discounted price for Kunnar field was finally determined by the Ministry of Energy (Petroleum Division) and the total amount of price discount amount has been paid to the Government of Pakistan (GoP) upon directions from the Ministry of Finance, to this effect.

23.3 Income tax advance includes Rs 1,259 million (2019: Rs 4,388 million) on account of disallowances made by the Additional Commissioner Inland Revenue (ACIR) in respect of decommissioning cost for tax year 2015. The CIRA vide order dated 18 March 2020 has remanded the case back to ACIR and the Company has filed an appeal against the order of CIRA in ATIR on 30 June 2020. Management believes that the disallowance is against income tax laws and regulations and accordingly no provision has been made in this respect in these financial statements.

	Note	2020	2019
		------------(Rupees '000)------------	
24 OTHER FINANCIAL ASSETS			
Investment in Term Deposit Receipt (TDRs)	24.1	47,405,986	48,255,619
Investment in Treasury Bills (T-Bills) - Government of Pakistan	24.2	-	26,223,825
Investment at fair value through profit or loss - NIT units		255,255	246,992
		47,661,241	74,726,436

24.1 This represents foreign currency TDRs amounting to USD 281.320 million (2019: USD 296.485 million), and accrued interest amounting to USD 0.993 million (2019: USD 0.656 million), carrying interest rate ranging from 1.45% to 5.06% (2019: 4.00% to 7.55%) per annum, having maturities up to six months (2019: six months).

24.2 This represents T-Bills matured during the year (2019: purchased on 20 June 2019 for 48 days at yield of 12.61% per annum).

25 CASH AND BANK BALANCES

	Note	2020	2019
		-----------(Rupees '000)-----------	
Cash at bank:			
Deposit accounts	25.1	12,120,165	19,323,754
Current accounts		4,674,103	1,201,184
		16,794,268	20,524,938
Cash in hand		48,037	44,771
		16,842,305	20,569,709

25.1 These deposit accounts carry interest rate of 0.20% to 7.90% (2019: 0.20% to 12.25%) per annum and include foreign currency deposits amounting to USD 33.535 million (2019: USD 5.242 million). Deposits amounting to Rs 1.281 million (2019: Rs 1.281 million) with banks were under lien to secure bank guarantees issued on behalf of the Company.

26 SALES - NET

	Note	2020	2019
		-----------(Rupees '000)-----------	
Gross sales			
Crude oil		95,456,260	116,750,595
Gas		165,144,064	156,898,084
Liquefied petroleum gas		21,702,920	24,184,391
Sulphur		348,376	415,954
Gas processing		121,523	110,791
		282,773,143	298,359,815
Government levies			
General sales tax		(28,274,944)	(27,181,586)
Gas Infrastructure Development Cess (GIDC)		(5,698,494)	(5,276,752)
Petroleum levy		(1,259,724)	(1,373,465)
Excise duty		(2,683,227)	(3,046,824)
		(37,916,389)	(36,878,627)
		244,856,754	261,481,188

26.1 Gas sales include sales from Nur-Bagla field invoiced on provisional prices. There may be adjustment in revenue upon issuance of final wellhead prices notification by Ministry of Energy (Petroleum Division), impact of which cannot be determined at this stage.

26.2 Gas Sale Agreement (GSA) in respect of Kunnar Pasakhi Deep (KPD) between the Company and Sui Southern Gas Company Limited is being finalized and adjustments, if any, will be accounted for in the financial statements after execution of GSA.

26.3 In respect of six of its operated concessions, namely, Gurgalot, Sinjhoro, Bitrisim, Khewari, Nim and TAY Blocks and one non-operated Tal Block, Petroleum Concession Agreements (PCAs) were executed under the framework of Petroleum Policies 1994 and 1997. Later on, in pursuance to the option available under Petroleum Policy (PP) 2012, the Tal Block working interest owners wherein the Company's working interest is 27.7632% signed the Supplemental Agreement (SA) dated 28 August 2015 with the GoP for conversion of eligible existing and future discoveries under Tal PCA to the PP 2012. Further, for aforementioned operated Concessions, the Company also signed the SAs for conversion to PP 2012. Under the said arrangement, price regimes prevailing in PP 2007, PP 2009 and PP 2012 in terms of PP 2012 shall be applicable, correlated with the spud dates of the wells in the respective policies starting from 27 November 2007. The conversion package as defined in the SAs included windfall levy on natural gas only.

Oil and Gas Regulatory Authority (OGRA) has been notifying the revised wellhead prices in accordance with the Tal block SA for the period from the commencement of production of the respective discoveries. Accordingly, the financial impacts of the price revision were duly accounted for in the financial statements for the years ended 30 June 2016, 30 June 2017 and 30 June 2018 on completion of the process laid down in the law and in line with the Company's accounting policy.

On 27 December 2017, the Ministry of Energy (Petroleum Division) notified amendments in PP 2012 after approval from the Council of Common Interests (CCI) dated 24 November 2017. These amendments include imposition of Windfall Levy on Oil/Condensate (WLO). Under the said Notification, the Supplemental Agreements already executed for conversion from Petroleum policies of 1994 and 1997 shall be amended within 90 days, failing which the working interest owners will not remain eligible for gas price incentive. On 03 January 2018, the Directorate General Petroleum Concessions (DGPC) has required all exploration and production companies to submit supplemental agreements to incorporate the aforementioned amendments in Petroleum Concession Agreements (PCAs) signed under 1994 and 1997 policies, for execution within the stipulated time as specified above.

Based on a legal advice, the Company is of the view that terms of the existing PCAs as amended to-date through the supplemental agreements already executed cannot unilaterally be amended by the GoP through introduction of amendment nor can the GoP lawfully require and direct that such amendments be made to include imposition of WLO retrospectively and nor the GoP unilaterally hold and direct that the gas price incentive to which the Company is presently entitled to and receiving under the conversion package as enshrined under the supplemental agreement stands withdrawn or the Company ceases to be eligible for such incentive in case of failure to adopt the unilateral amendments in the existing PCAs. Accordingly, the aforementioned amendments as well as the subsequent letters requiring implementation of the amendments are not enforceable or binding upon the Company.

The Company along with other Joint Venture Partners has challenged the applicability of WLO against the backdrop of supplemental agreements already executed pursuant to PP 2012 in the Honorable Islamabad High Court which has granted stay order till next date of hearing against the CCI decision dated 24 November 2017 on imposition of WLO. As mentioned above, the Company on the advice of its legal counsel is confident that it has sound grounds to defend the aforesaid issue in the Court and that the issue will be decided in favour of the Company.

The cumulative past benefit accrued and recorded in these financial statements by the Company upto 23 November 2017 in the form of revenue and profit after tax is Rs 8,550 million and Rs 4,426 million, respectively. However, without prejudice to the Company's stance in the court case, revenue of Rs 12,608 million (2019: Rs 7,695 million) related to gas price incentive against the supplemental agreements has been set aside on a point forward basis effective 24 November 2017 (the date of decision of CCI).

27 OPERATING EXPENSES

	Note	2020	2019
		------------(Rupees '000)------------	
Salaries, wages and benefits	27.1	22,880,377	19,694,981
Stores and supplies consumed		1,673,141	1,640,805
Contract services		2,245,364	2,177,380
Joint operations expenses		533,729	1,472,473
Workover charges		1,225,157	2,110,652
(Reversal)/ charge of provision for decommissioning cost		(480,019)	87,248
Travelling and transportation		663,098	663,404
Repairs and maintenance		915,370	1,069,154
Rent, fee and taxes		928,748	860,908
Insurance		379,424	273,411
Communication		36,525	38,286
Utilities		76,797	64,704
Land and crops compensation		1,259,496	482,435
Desalting, decanting and naphtha storage charges		71,354	28,041
Gas processing charges		189,633	-
Training, welfare and Corporate Social Responsibility (CSR)		1,447,235	1,191,411
Provision for slow moving, obsolete and in transit stores		503,367	112,090
Stores inventory written off		26,482	60,599
Depreciation	13.3	11,611,402	10,820,698
Amortization of development and production assets	14	17,247,061	17,947,440
Reversal due to change in decommissioning cost estimates		(44,432)	(284,169)
Transfer from general and administration expenses	30	3,189,999	3,035,427
Miscellaneous		7,017	8,282
		66,586,325	63,555,660
Stock of crude oil and other products:			
Balance at beginning of the year		446,645	346,829
Balance at end of the year		(472,505)	(446,645)
		66,560,465	63,455,844

27.1 These include charge against employee retirement benefits of Rs 2,003 million (2019: Rs 2,499 million).

28 OTHER INCOME

	Note	2020	2019
		-----------(Rupees '000)-----------	
Income from financial assets			
Interest income on:			
Investments and bank deposits		18,343,450	15,903,187
Delayed payments from customers		-	2,586
		18,343,450	15,905,773
Dividend income from NIT units		7,037	10,579
Un-realized gain/ (loss) on investments at fair value through profit or loss		8,263	(88,309)
Exchange gain -net		1,994,928	13,023,650
		20,353,678	28,851,693
Income from non financial assets			
Insurance claim received		-	41,017
Signature bonus	28.1	248,720	584,391
Gain/ (loss) on disposal of property, plant and equipment		58,878	(1,449)
Gain on disposal of stores, spare parts and loose tools		125,930	100,243
Liquidated damages / penalty imposed on suppliers		443,497	2,256,616
Others		519,086	455,738
		1,396,111	3,436,556
		21,749,789	32,288,249

28.1 This represents income recognized on account of signature bonus in respect of allocation of LPG quota.

29 EXPLORATION AND PROSPECTING EXPENDITURE

	Note	2020	2019
		-----------(Rupees '000)-----------	
Cost of dry and abandoned wells	15	10,025,964	6,091,795
Prospecting expenditure		8,187,474	6,407,529
		18,213,438	12,499,324

30 GENERAL AND ADMINISTRATION EXPENSES

	Note	2020	2019
Salaries, wages and benefits	30.1	6,811,117	6,247,581
Joint operations expenses		1,212,662	1,177,946
Unallocated expenses of technical services		704,994	435,947
Traveling and transportation		460,675	384,317
Repairs and maintenance		40,349	34,450
Stores and supplies consumed		65,866	63,307
Rent, fee and taxes		214,464	240,073
Communication		50,408	51,312
Utilities		100,579	91,613
Training and scholarships		33,921	44,353
Legal and professional services		35,257	45,597
Contract services		229,725	195,820
Auditors' remuneration	30.2	29,347	28,405
Advertising		93,363	52,518
Insurance		267	200
Depreciation	13.3	170,764	201,372
Miscellaneous		35,127	32,982
		10,288,885	9,327,793
Allocation of expenses to:			
Operations	27	(3,189,999)	(3,035,427)
Technical services		(2,027,982)	(2,163,117)
		(5,217,981)	(5,198,544)
		5,070,904	4,129,249

30.1 These include charge against employee retirement benefits of Rs 590 million (2019: Rs 811 million).

	Note	2020	2019
		(Rupees '000)	
30.2 Auditors' remuneration			
M/s KPMG Taseer Hadi & Co., Chartered Accountants			
Annual audit fee		2,420	2,420
Half yearly review		968	968
Concession/ Joint operations audit fee		3,442	3,869
Audit fee for claims lodged by employees under BESOS		262	240
Verification of Central Depository Company record		100	100
Verification of statement of free float of shares		200	200
Certification of fee payable to OGRA		200	200
UCH-II project cost verification		-	500
Dividend certification		200	200
Out of pocket expenses		677	735
		8,469	9,432
M/s A. F. Ferguson & Co., Chartered Accountants			
Annual audit fee		2,420	2,420
Half yearly review		968	968
Concession/ Joint operations audit fee		3,823	3,706
Verification of Central Depository Company record		100	100
Verification of statement of free float of shares		200	200
Dividend certification		100	200
Decommissioning certification		1,364	1,008
Tax services		7,242	6,814
Services for certificatiopn of payment to Government		925	-
Physical verification - Stores, spare parts & loose tools		2,873	2,865
Out of pocket expenses		863	692
		20,878	18,973
		29,347	28,405

31 FINANCE COST

	Note	2020	2019
Unwinding of discount on provision for decommissioning cost	9	3,007,255	1,686,425
Others		4,199	6,113
		3,011,454	1,692,538

32 TAXATION

	2020	2019
Current- charge for the year	42,481,837	54,621,860
Deferred - charge for the year	501,396	3,591,765
	42,983,233	58,213,625

32.1 Reconciliation of tax charge for the year:

	2020	2019
Accounting profit	143,064,904	176,599,413
Tax rate	51.56%	51.20%
Tax on accounting profit at applicable rate	73,764,265	90,418,899
Tax effect of royalty allowed for tax purposes	(11,071,958)	(11,506,220)
Tax effect of depletion allowance	(14,956,216)	(15,770,994)
Tax effect of amount not admissible for tax purposes	-	45,214
Tax effect of exempt income	(11,275)	(5,416)
Tax effect of unwinding of discount on provision for decommissioning cost	1,550,541	-
Tax effect of income chargeable to tax at reduced corporate rate	(7,071,032)	(6,625,902)
Effect of super tax	-	2,670,964
Others	778,908	(1,012,920)
	42,983,233	58,213,625

32.2 Various appeals in respect of assessment years 1992-93 to 2002-03, tax years 2003 to 2019 are pending at different appellate forums in the light of the order of the Commissioner of Inland Revenue (Appeals) and decision of the Adjudicator, appointed by both the Company as well as the Federal Board of Revenue (FBR) mainly on the issues of decommissioning cost, depletion allowance, prospecting, exploration and development expenditure, tax rate and super tax. Total amount of tax demand against the major issues, raised in respect of assessment years 1992-93 to 2002-03 and tax years 2003-2019 amounts to Rs 116,877 million out of which an amount of Rs 103,357 million has been paid to tax authorities and has also been provided for in these financial statements. Also refer to note 23.1 to 23.3 of these financial statements.

33 EARNINGS PER SHARE - BASIC AND DILUTED

	2020	2019
Profit for the year (Rupees '000)	100,081,671	118,385,788
Average number of shares outstanding during the year ('000)	4,300,928	4,300,928
Earnings per share - basic (Rupees)	23.27	27.53

There is no dilutive effect on the earnings per share of the Company.

34 SALARIES, WAGES AND BENEFITS

Salaries, wages and benefits have been allocated as follows:

	Operating expenses	General and administrative expenses	Technical services	Total
	Note 27	Note 30	Note 34.1	
	(Rupees '000)			
For year ended 30 June 2020				
Salaries and wages	13,967,517	4,179,596	8,119,098	26,266,211
Awards and bonuses	2,719,863	916,154	1,591,770	5,227,787
Charge for accumulating compensated absences	2,198,857	522,078	1,291,703	4,012,638
Gratuity expense	121,796	33,087	58,848	213,731
Charge for post retirement medical benefits	1,003,915	246,782	577,321	1,828,018
Charge for employees' pension	877,538	309,726	456,530	1,643,794
Other allowances and benefits	1,990,891	603,694	1,351,853	3,946,438
	22,880,377	6,811,117	13,447,123	43,138,617
For year ended 30 June 2019				
Salaries and wages	11,931,162	3,718,501	7,110,984	22,760,647
Awards and bonuses	2,840,268	1,027,406	1,586,664	5,454,338
Charge for accumulating compensated absences	613,576	136,339	383,557	1,133,472
Gratuity expense	124,461	78,914	84,240	287,615
Charge for post retirement medical benefits	1,035,673	257,962	608,780	1,902,415
Charge for employees' pension	1,338,504	474,549	872,091	2,685,144
Other allowances and benefits	1,811,337	553,910	982,087	3,347,334
	19,694,981	6,247,581	11,628,403	37,570,965

34.1 Salaries, wages and benefits relating to in-house technical services of the Company are further allocated to various cost centers including wells, projects and prospecting expenditure as per Company's policy.

35 OPERATING SEGMENTS

The financial statements have been prepared on the basis of a single reportable segment. Revenue from external customers for products of the Company is disclosed in note 26.

Revenue from three major customers of the Company constitutes 57% (2019: 64%) of the total revenue during the year ended 30 June 2020.

36 FINANCIAL INSTRUMENTS

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

- Credit risk
- Liquidity risk
- Market risk

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

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

The Board's Risk Management Committee assists the Board in the identification and monitoring of the principal risks and opportunities of the Company ensuring that appropriate systems and internal control framework are in place to manage these risks and opportunities, including, safeguarding the public reputation of the Company. The Committee is required to oversee, report and make recommendations to the Board in respect of financial and non-financial risks faced by the Company.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorized under the following headings:

36.1.1 Counterparties

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

Trade debts

Trade debts are essentially due from oil refining companies, gas distribution companies and power generation companies and the Company does not expect these companies to fail to meet their obligations. Majority of sales to the Company's customers are made on the basis of agreements approved by GoP.

Sale of crude oil and natural gas is at prices specified in relevant agreements and/ or as notified by the Government authorities based on agreements with customers or relevant applicable petroleum policy or Petroleum Concession Agreements. Prices of liquefied petroleum gas are determined by the Company subject to maximum price notified by OGRA. Sales price of gas is also notified by OGRA.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade debts that are due directly/ ultimately from GoP till 30 June 2021 as per policy disclosed in note 4.14.5 to the financial statements.

Bank balances and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a credit rating of at least A. In addition to the exposure with Banks, the Company also holds investments in Term Finance Certificates issued by Power Holding (Private) Limited. Investment in TFCs is secured by sovereign guarantee of GoP. While bank balances and investments in term deposits are also subject to the requirements of IFRS 9 the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings. The credit rating of the counterparties is as follows:

	2020		2019		
	Short term	Long term	Short term	Long term	Credit rating agency
National Bank of Pakistan	A-1+	AAA	A-1+	AAA	PACRA
Allied Bank Limited	A-1+	AAA	A-1+	AAA	PACRA
Askari Bank Limited	A-1+	AA+	A-1+	AA+	PACRA
Bank Alfalah Limited	A-1+	AA+	A-1+	AA+	JCR-VIS
Bank Al-Habib Limited	A-1+	AA+	A-1+	AA+	PACRA
Standard Chartered Bank	A-1+	AAA	A-1+	AAA	PACRA
Faysal Bank	A-1+	AA	A-1+	AA	PACRA
Habib Bank Limited	A-1+	AAA	A-1+	AAA	JCR-VIS
Habib Metropolitan Bank	A-1+	AA+	A-1+	AA+	PACRA
Dubai Islamic Bank	A-1+	AA	A-1+	AA	JCR-VIS
MCB Bank	A-1+	AAA	A-1+	AAA	PACRA
Soneri Bank Limited	A-1+	AA-	A-1+	AA-	PACRA
United Bank Limited	A-1+	AAA	A-1+	AAA	JCR-VIS
Citibank N.A.	P-1	Aa3	P-1	Aa3	Moody's
Meezan Bank Limited	A-1+	AA+	A-1+	AA+	JCR-VIS
National Investment Trust	-	AM2++	-	AM2++	PACRA

36.1.2 Exposure to credit risk

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

	2020	2019
	-----------(Rupees '000)-----------	
Long term investments	42,583,441	10,170,987
Long term loans	8,468,690	8,085,201
Trade debts - net of provision	318,004,032	237,700,422
Loans and advances	9,480,431	5,952,185
Deposits	29,287	28,582
Other receivables	494,639	331,397
Current portion of long term investments	95,115,426	113,770,186
Other financial assets	47,661,241	74,726,436
Bank balances	16,794,268	20,524,938
	538,631,455	471,290,334

The maximum exposure to credit risk for financial assets at the reporting date by type of counter party was:

	2020	2019
	-----------(Rupees '000)-----------	
Oil refining companies	20,623,531	26,026,948
Gas distribution companies	256,879,408	189,312,223
Power generation companies	39,790,606	21,856,008
State Bank of Pakistan	-	36,433,454
National Bank of Pakistan	21,671,861	4,766,847
Banks and financial institutions-others	55,241,442	64,013,710
Power Holding (Private) Limited	124,985,818	113,731,544
Partners in joint operations	6,718,200	3,486,923
Others	12,720,589	11,662,677
	538,631,455	471,290,334

The comparatives relating to trade debts have been changed to exclude the effects of GIDC which is not a financial asset.

The Company’s most significant customers, are an oil refining company and two gas distribution companies (related parties), amounts to Rs 268,478 million of trade debts as at 30 June 2020 (2019: Rs 203,104 million).

The credit quality of financial assets that can be assessed by reference to external credit ratings or to historical information about counterparty default rates:

	Note	2020	2019
		-----------(Rupees '000)-----------	
Investments			
AAA	16.2	12,713,049	-
Unrated	16.2	124,985,818	123,941,173
		137,698,867	123,941,173

	Note	2020	2019
		-----------(Rupees '000)-----------	
Other financial assets			
AAA		43,540,860	52,386,558
AA+		3,865,126	11,883,257
AM2++		255,255	246,992
Unrated		-	10,209,629
	24	47,661,241	74,726,436
Bank balances			
AAA		8,184,092	9,378,609
AA+		3,829,274	3,888,315
AA		106,707	3,727,725
AA-		92	3,530,280
A-1+		4,674,094	-
P-1		9	9
	25	16,794,268	20,524,938

The maximum exposure to credit risk for trade debts at the reporting date by type of product was:

	2020	2019
	-----------(Rupees '000)-----------	
Crude oil	20,731,646	26,026,947
Gas	297,202,225	211,619,999
Kerosene oil	1,984	1,984
High speed diesel oil	86	86
Liquefied petroleum gas	38,541	29,822
Other operating revenue	29,550	21,584
	318,004,032	237,700,422

36.1.3 Impairment losses

The aging of trade debts at the reporting date was:

	Note	2020 Gross debts	2020 Impaired	2019 Gross debts	2019 Impaired
		----------------------------(Rupees '000)----------------------------			
Not past due		41,994,875	-	49,435,020	-
Past due 0-30 days		11,722,389	-	15,325,137	-
Past due 31-60 days		16,810,996	-	14,593,475	-
Past due 61-90 days		12,278,616	-	12,038,401	-
Over 90 days		235,298,269	(101,113)	151,441,020	(101,113)
	19	318,105,145	(101,113)	242,833,053	(101,113)

The aging of trade debts from related parties at the reporting date was:

	Total	Not past due	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Over 90 days	Impaired balance
				(Rupees '000)			
30 June 2020							
Enar Petroleum Refining Facility	755,612	951,829	16,316	-	-	(212,533)	-
Pakistan Refinery Limited	2,619,216	517,746	218,541	519,495	813,704	549,730	-
Pak Arab Refinery Company Limited	1,879,657	1,558,887	40,080	189,420	-	91,270	-
Sui Northern Gas Pipelines Limited	116,344,013	9,384,080	3,823,500	5,050,307	3,894,944	94,191,182	-
Sui Southern Gas Company Limited	140,535,396	9,275,312	3,201,896	4,470,636	4,351,828	119,235,724	-
Engro Fertilizers Limited	285,789	222,105	-	32,327	31,357	-	-
WAPDA	-	-	-	-	-	21,282	(21,282)
Pakistan State Oil	1,867	-	-	-	-	1,867	-
	262,421,550	**21,909,959**	**7,300,333**	**10,262,185**	**9,091,833**	**213,878,522**	**(21,282)**

	Total	Not past due	Past due 0-30 days	Past due 31-60 days	Past due 61-90 days	Over 90 days	Impaired balance
	(Rupees '000)						
30 June 2019							
Enar Petroleum Refining Facility	3,413,049	3,622,187	-	3,423	-	(212,561)	-
Pakistan Refinery Limited	1,749,594	1,281,297	349,398	112,277	(5,010)	11,632	-
Pak Arab Refinery Company Limited	3,463,440	3,336,471	48,815	65	-	78,089	-
Sui Northern Gas Pipelines Limited	79,079,602	11,295,614	3,903,075	4,643,526	4,102,881	55,134,506	-
Sui Southern Gas Company Limited	110,232,621	11,586,469	5,347,953	5,055,967	4,450,644	83,791,588	-
Engro Fertilizers Limited	237,061	237,061	-	-	-	-	-
WAPDA	-	-	-	-	-	21,282	(21,282)
Pakistan State Oil	1,867	-	-	-	-	1,867	-
	198,177,234	**31,359,099**	**9,649,241**	**9,815,258**	**8,548,515**	**138,826,403**	**(21,282)**

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2020	2019
	(Rupees '000)	
Balance at beginning of the year	101,113	110,731
Written off during the year	-	(9,618)
Balance at end of the year	101,113	101,113

As explained in note 19 to the financial statements, the Company believes that no impairment allowance is necessary in respect of trade debts past due other than the amount provided. Trade debts are essentially due from oil refining companies, natural gas and liquefied petroleum gas transmission and distribution companies and power generation companies, the Company is actively pursuing for recovery of debts and the Company does not expect these companies to fail to meet their obligations. Impact of ECL on financial assets not covered under exemption as explained in note 2.6.2 was not material and accordingly has not been included in these financial statements.

The aging of loan and advances from related parties at the reporting date was:

	2020	2019
	(Rupees '000)	
Not past due	4,869,526	1,970,407
Past due	-	-
	4,869,526	1,970,407
Impaired	-	-
	4,869,526	1,970,407

Expected credit loss on loans, advances, deposits and other receivables is calculated using general approach (as disclosed in note 4.14.5). As at the reporting date, Company envisages that default risk on account of loans, advances, deposits and other receivables is immaterial based on historic trends adjusted to reflect forward looking information. The movement in the expected credit loss allowance in respect of these financial assets during the year was as follows:

	2020	2019
	(Rupees '000)	
Balance at beginning of the year	197,472	197,472
Written off during the year	(180)	-
Balance at end of the year	197,292	197,472

The aging of principal amount of TFCs at the reporting date was:

	2020	2019
	(Rupees '000)	
Not past due	51,250,000	10,250,000
Past due	30,750,000	71,750,000
	82,000,000	82,000,000

The aging of interest accrued on TFCs at the reporting date was:

Not past due	3,424,612	3,008,276
Past due	39,561,206	28,723,267
	42,985,818	31,731,543

As explained in note 16.2 to the financial statements, the TFCs are secured by sovereign guarantee of GoP, covering the principal, markup, and /or any other amount becoming due for payment. ECL has not been assessed in respect of TFCs as disclosed in note 2.6.2.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to close out market positions due to dynamic nature of the business. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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

	2020		2019	
All the trade and other payables have maturity upto one year	Carrying amount	Contractual cash flows	Carrying amount	Contractual cash flows
	(Rupees '000)			
Trade and other payables	35,341,228	35,341,228	26,938,544	26,938,544
Unpaid dividend	25,557,624	25,557,624	22,951,943	22,951,943
Unclaimed dividend	210,970	210,970	213,785	213,785
	61,109,822	61,109,822	50,104,272	50,104,272

36.3 Market risk

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

36.3.1 Foreign currency risk management

PKR is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.
- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to foreign currency risk

The Company's exposure to foreign currency risk was as follows based on carrying values:

	2020	2019
	(USD ($) '000)	
USD ($)		
Trade debts	47,076	116,582
Other financial assets	281,320	296,485
Cash and bank balances	33,535	5,242
Loans and advances	39,878	21,346
Trade and other payables	(122,398)	(97,793)
	279,411	341,862
	(EURO (€) '000)	
Euro (€)		
Trade and other payables	2,200	1,918

Foreign currency commitments outstanding at year end are as follows:	2020	2019
	(Rupees '000)	
Euro	8,228,842	9,127,423
USD	36,474,375	21,516,326
GBP	1,172,607	498,007
JPY (¥)	-	46,544
	45,875,824	31,188,300

The following significant exchange rates were applied during the year:

	Average rate		Reporting date mid spot rate	
	2020	2019	2020	2019
	(Rupees)			
USD 1	158.32	136.55	168.47	163.35

Foreign currency sensitivity analysis

A 10 percent strengthening of the PKR against the USD at 30 June 2020 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 30 June 2019.

	2020	2019
	(Rupees '000)	
Statement of profit or loss	4,707,237	5,584,316

A 10 percent weakening of the PKR against the USD at 30 June 2020 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

36.3.2 Interest rate risk management

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period. The Company adopts a policy to ensure that interest rate risk is minimized by investing in fixed rate investments like TDRs while the Company has no borrowings.

Profile

The return on investments in TFCs amounting to Rs 82,000 million is related with KIBOR as disclosed in note 16.2.3. The interest rate profile of the Company's remaining interest - bearing financial instruments at the reporting date is as follows:

	2020	2019	2020	2019
	%		(Rupees '000)	
Fixed rate instruments				
Financial assets				
Investments	13.10 to 14.00	12.61	11,833,441	10,170,987
Long term loans	11.53	6.62	1,032,699	1,020,450
Other financial assets	1.45 to 5.06	4.00 to 12.61	47,405,986	74,479,444
Cash and bank balances	0.20 to 7.90	0.20 to 12.25	12,120,165	19,323,754
			72,392,291	104,994,635
Financial liabilities			-	-
			72,392,291	104,994,635

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not have derivatives as hedging instruments recognized under fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Other market price risk

36.3.3 The Company is following a policy to set aside reserve for self insurance of rigs, buildings, wells, plants, pipelines, workmen compensation, inventory, terrorism, vehicle repair and losses for petroleum products in transit and is keeping such reserve invested in specified investments. The primary goal of the Company's investment strategy is to maximize investment returns on surplus funds. The Company's price risk arises from investments in NIT units which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of NIT units is actively monitored and they are managed on a fair value basis.

Sensitivity analysis of price risk

A change of Rs 5 in the value of investments at fair value through profit or loss would have increased or decreased profit or loss by Rs 22.701 million (2019: Rs 22.701 million).

Sensitivity analysis of crude oil price risk

A change of USD 5 in average price of crude oil would increase or decrease profit by Rs 7,159 million (2019: Rs 9,938 million) on the basis that all other variables remain constant.

Fair values and risk management

36.4 The following table shows the carrying amounts and fair values of financial assets and liabilities. The fair value of financial assets measured at fair value is shown below. It does not include fair value information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

		Carrying amount			
		Financial assets at amortised cost	Fair value through profit or loss	Other financial liabilities	Total
30 June 2020	**Note**	(Rupees '000)			
Financial assets measured at fair value					
Other financial assets- NIT Units	24	-	255,255	-	255,255
Financial assets not measured at fair value					
Long term investments	16.2	42,583,441	-	-	42,583,441
Long term loans	17	8,468,690	-	-	8,468,690
Trade debts - net of provision	19	318,004,032	-	-	318,004,032
Loans and advances	20	9,480,431	-	-	9,480,431
Deposits	21	29,287	-	-	29,287
Other receivables	22	494,639	-	-	494,639
Current portion of long term investments	16.2	95,115,426	-	-	95,115,426
Other financial assets	24	47,405,986	-	-	47,405,986
Cash and bank balances	25	16,842,305	-	-	16,842,305
		538,424,237	255,255	-	538,679,492
Financial liabilities measured at amortised cost					
Trade and other payables	10	-	-	35,341,228	35,341,228
Unpaid dividend		-	-	25,557,624	25,557,624
Unclaimed dividend		-	-	210,970	210,970
		-	-	61,109,822	61,109,822
30 June 2019					
Financial assets measured at fair value					
Other financial assets - NIT units	24	-	246,992	-	246,992
Financial assets not measured at fair value					
Long term investments	16.2	10,170,987	-	-	10,170,987
Long term loans	17	8,085,201	-	-	8,085,201
Trade debts - net of provision	19	237,700,422	-	-	237,700,422
Loans and advances	20	5,952,185	-	-	5,952,185
Deposits	21	28,582	-	-	28,582
Other receivables	22	331,397	-	-	331,397
Current portion of long term investments	16.2	113,770,186	-	-	113,770,186
Other financial assets	24	74,479,444	-	-	74,479,444
Cash and bank balances	25	20,569,709	-	-	20,569,709
		471,088,113	246,992	-	471,335,105
Financial liabilities measured at amortised cost					
Trade and other payables	10	-	-	26,938,544	26,938,544
Unpaid dividend		-	-	22,951,943	22,951,943
Unclaimed dividend		-	-	213,785	213,785
		-	-	50,104,272	50,104,272

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. Since the majority of the financial assets are fixed rate instruments, there is no significant difference in market rate and the rate of instrument, fair value significantly approximates to carrying value.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
	------(Rupees '000)------		
30 June 2020			
Financial assets measured at fair value			
Other financial assets - NIT units	255,255	-	-
30 June 2019			
Financial assets measured at fair value			
Other financial assets - NIT units	246,992	-	-

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

Investment in fair value through profit or loss

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date.

Investment in associate

The fair value of investment in associate is determined by reference to their quoted closing bid price at the reporting date. The fair value is determined for disclosure purposes.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders and/or issue new shares. There were no changes to Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirement.

37 CASH AND CASH EQUIVALENTS

	Note	2020	2019
		(Rupees '000)	
Cash and bank balances	25	16,842,305	20,569,709
Short term highly liquid investments			
Investment in Term Deposit Receipts	24	47,405,986	48,255,619
Investment in Treasury Bills (T-Bills) - Government of Pakistan	24	-	26,223,825
		47,405,986	74,479,444
		64,248,291	95,049,153

38 NUMBER OF EMPLOYEES

	2020	2019
Total number of employees at the end of the year were as follows:		
Regular	9,571	8,712
Contractual	2,562	3,244
	12,133	11,956
Average number of employees during the year were as follows:		
Regular	9,142	8,621
Contractual	2,903	3,171
	12,045	11,792

39 RELATED PARTIES TRANSACTIONS

Government of Pakistan owns 74.97% (2019: 74.97%) shares of the Company. Therefore, all entities owned and controlled by the Government of Pakistan are related parties of the Company. Other related parties comprise associated company, major shareholders, directors, companies with common directorship, key management personnel, OGDCL employees empowerment trust, employees pension trust and gratuity fund. The Company in normal course of business pays for air fare, electricity, gas and telephone to entities controlled by Government of Pakistan which are not material, hence not disclosed in these financial statements. Transactions of the Company with related parties and balances outstanding at year end are as follows:

	2020	2019
	(Rupees '000)	
MPCL- Associated company (20% share holding of the Company)		
Share of profit in associate - net of taxation	6,062,575	4,865,418
Share of other comprehensive income/ (loss) of the associate - net of taxation	3,801	(30,274)
Dividend received	156,585	150,878
Expenditure charged by joint operations partner- net	314,752	313,408
Cash calls paid to joint operations partner- net	(64,243)	(491,553)
Share (various fields) payable	272,009	98,468
Share (various fields) receivable	202,348	279,316
Major shareholders		
Government of Pakistan (74.97% share holding)		
Dividend paid	19,589,041	31,922,882
Dividend paid - Privatization Commission of Pakistan	2,176,611	3,547,070
OGDCL Employees' Empowerment Trust (OEET) (10.05% share holding)		
Dividend payable	25,027,074	22,109,798
Related parties by virtue of GoP holdings and /or common directorship		
Sui Northern Gas Pipelines Limited		
Sale of natural gas	62,009,606	64,154,928
Trade debts as at 30 June	116,344,013	79,079,602
Pakistan State Oil Company Limited		
Sale of liquefied petroleum gas	807,294	1,129,220
Purchase of petroleum, oil and lubricants	4,766,989	4,770,340
Trade debts as at 30 June	1,867	1,867
Payable as at 30 June	7,151	8,100

	2020	2019
	(Rupees '000)	
RELATED PARTIES TRANSACTIONS -continued		
Pakistan Petroleum Limited		
Payable as at 30 June	-	172,993
Expenditure charged to joint operations partner- net	1,531,426	1,363,677
Cash calls paid to joint operations partner- net	(669,499)	(1,992,482)
Share (various fields) receivable	2,897,057	67,310
Share (various fields) payable	2,821,070	2,192,248
Pak Arab Refinery Company Limited		
Sale of crude oil	12,164,880	15,437,362
Trade debts as at 30 June	1,879,657	3,463,440
PARCO Pearl Gas (Private) Limited		
Sale of liquefied petroleum gas	314,921	332,677
Pakistan Refinery Limited		
Sale of crude oil	6,295,365	7,214,378
Trade debts as at 30 June	2,619,216	1,749,594
Engro Fertilizers Limited		
Sale of natural gas	2,545,431	1,121,705
Trade debts as at 30 June	2,943,979	1,172,379
State Bank of Pakistan		
Balance of investment in Treasury Bills as at 30 June	-	36,295,557
Interest earned on Treasury Bills	2,616,538	4,885,213
Interest receivable on Treasury Bills as at 30 June	-	137,897
Habib Bank Limited		
Balance at bank as at 30 June	4,173,538	7,759,184
Balance of investment in TDRs as at 30 June	5,192,841	-
Interest earned on deposits	272,262	302,447
Sui Southern Gas Company Limited		
Sale of natural gas	52,630,576	56,775,434
Sale of liquefied petroleum gas	499,129	291,504
Pipeline rental charges	36,660	36,660
Trade debts as at 30 June	140,535,396	110,232,621
Government Holdings (Private) Limited (GHPL)		
Payable as at 30 June	-	276,374
Expenditure charged to joint operations partner	5,137,189	3,650,167
Cash calls received from joint operations partner	4,849,605	4,205,231
GHPL share (various fields) receivable	1,713,448	1,600,656
GHPL share (various fields) payable	7,269	182,061
Related parties by virtue of GoP holdings		
National Investment Trust		
Investment as at 30 June	255,255	246,992
Dividend received	7,037	10,579
National Bank of Pakistan		
Balance at bank as at 30 June	4,106,138	797,746
Balance of investment in TDRs as at 30 June	17,565,723	3,969,101
Interest earned during the year	554,742	154,217

	Note	2020	2019
		------------(Rupees '000)------------	
RELATED PARTIES TRANSACTIONS -continued			
Power Holding (Private) Limited (PHPL)			
Markup earned		11,464,274	7,900,127
Balance of investment in TFCs not yet due as at 30 June		51,250,000	10,250,000
Balance of past due principal repayment of TFCs as at 30 June		30,750,000	71,750,000
Balance of markup receivable on TFCs not yet due as at 30 June		3,424,612	3,008,277
Balance of past due markup receivable on TFCs as at 30 June		39,561,206	28,723,267
Sui Southern Gas Company LPG (Pvt) Limited			
Sale of liquefied petroleum gas		550,369	708,543
National Insurance Company Limited			
Insurance premium paid		532,935	762,414
Payable as at 30 June		164	164
National Logistic Cell			
Crude transportation charges paid		1,853,758	1,608,402
Payable as at 30 June		821,929	720,648
Enar Petrotech Services Limited			
Consultancy services		27,817	60,857
Payable as at 30 June		7,477	-
Enar Petroleum Refining Facility			
Sale of crude oil		13,441,671	15,638,452
Trade debts as at 30 June		755,612	3,413,049
Other related parties			
Contribution to pension fund		1,220,643	5,199,701
Contribution to gratuity fund		515,834	-
Remuneration including benefits and perquisites of key management personnel	39.1	669,606	536,939

39.1 Key management personnel

Key management personnel comprises chief executive, chief financial officer, company secretary, executive directors and general managers of the Company.

	2020	2019
	------------(Rupees '000)------------	
Managerial remuneration	242,351	192,779
Housing and utilities	167,347	133,622
Award and bonus	113,404	108,881
Other allowances and benefits	92,250	58,406
Leave encashment	16,640	7,549
Medical benefits	11,434	5,694
Pension fund	10,687	14,131
Gratuity fund	15,493	15,877
	669,606	536,939
Number of persons	35	27

39.2 The amounts of the trade debts outstanding are unsecured and will be settled in cash. No expense has been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

39.3 The names of key management personnel during the year or at year end are as follows:

1 Mr. Shahid Salim Khan
2 Mr. Zahid Mir
3 Dr. Naseem Ahmad
4 Mr. Irteza Ali Qureshi
5 Mr. Muhammad Aamir Salim
6 Mr. Muhammad Shohaib Baig
7 Mr. Mohammad Anas Farook
8 Dr. Muhammad Saeed Khan Jadoon
9 Mr. Shahzad Safdar
10 Mr. Masood Nabi
11 Mr. Ahmed Hayyat Lak
12 Lt Col (R) Tariq Hanif
13 Mr. Salim Baz Khan
14 Mr. Kamran Yusuf Shami
15 Mr. Farrukh Aftab
16 Mr. Abdul Rauf Khajjak
17 Mr. Khan Alam
18 Mr. Irfan Babar Khan
19 Mr. Jahangaiz Khan
20 Dr. Shakeel Ahmad
21 Dr. Syed Ahmad Nadeem
22 Mr. Malik Muhammad Afzal
23 Mr. Syed Nadeem Hassan Rizvi
24 Mr. Shabbir Hussain
25 Mr. Masood-UL- Hasan
26 Mr. Muhammad Fasih Akhtar
27 Mr. Munsif Hussain Channa
28 Mr. Ameen Aftab Khan
29 Mr. Muhammad Hussain
30 Mr. Syed Iftikhar Mustafa Rizvi
31 Mr. Zahid Abbas
32 Mr. Hafiz Muhammad Aslam
33 Mr. Muhammad Azim
34 Mr. Rohail Aziz Quidwai
35 Ms. Shabina Anjum

40 REMUNERATION OF CHIEF EXECUTIVES, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these financial statements for the remuneration of the chief executive and executives was as follows:

	2020		2019	
	Chief Executive	Executives	Chief Executive	Executives
	(Rupees '000)			
Managerial remuneration	19,230	5,003,842	21,399	4,195,656
Housing and utilities	11,721	4,049,294	11,770	3,376,367
Award and bonus	10,329	2,431,928	15,157	2,351,387
Other allowances and benefits	3,309	3,268,625	1,761	2,645,429
Medical benefits	4,098	226,322	555	210,631
Leave encashment	4,334	367,706	-	427,411
Pension fund	-	356,995	-	520,862
Gratuity fund	238	35,038	2,780	26,584
	53,259	15,739,750	53,422	13,754,327
Number of persons including those who worked part of the year	3	2,315	1	1,896

- Executive means any employee whose basic salary exceeds Rs 1,200,000 (2019: Rs 1,200,000) per year. Non management employees whose basic salary is more than Rs 1,200,000 per year have also been included in the executives.

- Awards are paid to employees on start of commercial production and new discoveries of natural resources. Bonus includes performance bonus with respect to officers and for staff under section 10-C of the West Pakistan Industrial and Commercial Employment (standing orders) Ordinance 1968.

- The aggregate amount charged in these financial statements in respect of fee to 12 directors (2019: 17) was Rs 21.525 million (2019: Rs 16.420 million). This amount includes Rs 2.40 million (2019: Rs 0.44 million) in respect of monthly compensation being paid to Chairman of board of directors.

- The employees of the Company have option to avail car facility as per the entitlement policy of the Company.

41 INFORMATION RELATING TO PROVIDENT FUND

Oil and Gas Development Company Limited (OGDCL) Employees' Provident Fund is a contribution plan for benefit of permanent employees of the Company. For employees regularized before 01 January 2016, the Company does not contribute to the fund in respect of employees who are eligible for pension benefits and the contributions are made by the employees only.

Investments out of Provident Fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

During the year ended 30 June 2016, the Company changed its policy for entitlement of pension fund whereby employees regularized after 01 January 2016 will contribute one basic salary towards provident fund annually and the Company shall match the contribution. Contributory provident fund trust in this respect has not yet been created.

42 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX

Following information has been disclosed as required under para 10 of Part-I of the Fourth Schedule to the Companies Act, 2017.

	Description	**Explanation**	**(Rupees '000)**
i)	Bank balances as at 30 June 2020	Placed under Shariah permissible arrangement	9,185
ii)	Return on bank deposits for the year ended 30 June 2020	Placed under Shariah permissible arrangement	231,237
iii)	Relationship with banks having Islamic windows	Meezan Bank Limited & Dubai Islamic Bank	

Disclosures other than above are not applicable to the Company.

43 INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS

43.1 The Company has working interest in the following operated and non operated exploration licenses/ leases in Pakistan and their geographical location and addresses are as follows:

		Working Interest	
		2020	2019
Operated by OGDCL- Wholly owned concessions		(%)	
Exploration licenses	**Location**		
Bela North	Khuzdar, Awaran & Lasbela	100	100
Bostan	Ziarat, Pishin, Killah Abdullah & Quetta	100	100
Cholistan	Bahawalnagar & Bahawalpur	100	-
Fateh Jang	Islamabad, Rawalpindi & Attock	100	100
Jandaran	Barkhan, Kohlu & Loralai	100	100
Jandran West	Kohlu & Barkhan	100	100
Kharan	Kharan & Noshki	100	100
Lakhi Rud	Loralai, Musakhel, Barkhan & Kohlu	100	100
Latamber	Bannu & Tribal area adjacent to Bannu	100	100
Mari East	Ghotki, Rahim Yar Khan & Rajanpur	100	100
Samandar	Awaran & uthal	100	100
Saruna	Khuzdar & Lasbella	100	100
Khuzdar South	Khuzdar & Dadu	100	100
Shaan	Zhob, Qila Saifullah & Musakhel Bazar	100	100
Shahana	Washuk & Punjgur	100	100
Shakr Ganj West	Pakpatan, Bahawalnagar, Vehari & Sahiwal	100	-
Soghri	Attock, Punjab & Kohat, KPK	100	100
Thal	Khairpur, Sukkur & Ghotki	100	100
Wali	South Waziristan Agency, Bannu, Lakki Marwat & Tribal area adjacent to Taank	100	100
Development and Production/ Mining Leases			
Soghri	Attock, Punjab & Kohat, KPK	100	100
Bagla	Thatta & Badin, Sindh	100	100
Bahu *	Jhang, Punjab	-	100
Bhal Syedan	Attock, Punjab	100	100
Bhambra	Sukkur, Sindh	100	100
Bobi / Dhamrakhi	Sanghar, Sindh	100	100
Buzdar	Hyderabad, Sindh	100	100
Chak 5 Dim South	Sanghar, Sindh	100	100
Dakhni	Attock, Punjab & Kohat, KPK	100	100
Daru	Thatta, Sindh	100	100
Dhodak	Dera Ghazi Khan,Punjab	100	100
Fimkassar	Chakwal, Punjab	100	100
Hundi	Dadu, Sindh	100	100
Kal	Chakwal, Punjab	100	100
Kunnar	Hyderabad, Sindh	100	100
Kunnar Deep	Hyderabad, Sindh	100	100
Kunnar West	Hyderabad, Sindh	100	100
Lashari Centre & South	Hyderabad, Sindh	100	100
Loti	Dera Bugti Agency, Balochistan	100	100
Misan	Hyderabad, Sindh	100	100
Missa Keswal	Rawalpindi, Punjab	100	100
Nandpur	Multan & Jhang, Punjab	100	100
Nur	Thatta & Badin, Sindh	100	100
Pali	Hyderabad, Sindh	100	100
Panjpir	Multan & Jhang, Punjab	-	100
Pasahki & Pasahki North	Hyderabad, Sindh	100	100
Pasahki Deep	Hyderabad, Sindh	100	100
Pirkoh	Sibi (Bugti Tribal Territory), Balochistan	100	100
Pirkoh (Additional)	Dera Bugti Agency, Balochistan	100	100
Rajian	Chakwal & Jehlum, Punjab	100	100
Sadkal	Attock, Punjab	100	100
Sara West	Ghotki, Sindh	100	100
Sari Sing	Dadu, Sindh	100	100
Sono	Hyderabad, Sindh	100	100
Tando Alam	Hyderabad, Sindh	100	100
Thal East	Sukkur, Sindh	100	100
Thal West	Khairpur & Sukkur, Sindh	100	100
Thora / Thora East & Thora Add	Hyderabad, Sindh	100	100
Toot	Attock, Punjab	100	100
Uch	Dera Bugti, Balochistan	100	100
Zhob	Zhob, Musa Khail Bazar & Tribal area of D.I. Khan	100	97.5

* The Company requested DGPC for relinquishment of this development and production lease.

INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

		Working Interest	
		2020	2019
Operated by OGDCL- Joint operations	**Location**	(%)	
Exploration licenses			
Baratai	Kohat	97.50	97.50
Bitrisim	Shaheed Benazirabad, Khairpur & Sanghar	95.00	95.00
Gawadar	Gwadar & Kech	97.50	97.50
Guddu	Rajanpur, Rahim Yar Khan, Ghotki & Kashmore	70.00	70.00
Gurgalot	Kohat & Attock	75.00	75.00
Kalchas	Kohlu, Dera Bugti & Rajanpur	50.00	50.00
Khanpur *	Rahim Yar Khan	-	97.50
Khewari	Khairpur & Shaheed Benazirabad	95.00	95.00
Khuzdar North	Khuzdar	72.50	97.50
Kohat	Kohat, Naushera, Orakzai Agency, Peshawar & Darra Adam Khel	50.00	50.00
Kohlu	Kohlu, Dera Bugti & Barkhan	40.00	40.00
Kulachi	D.I. Khan, D.G. Khan, Layyah & Bhakkar	95.45	95.45
Nashpa	Kohat, Karak, North Waziristan & Mianwali	65.00	65.00
Nim	Hyderabad & Tharparker	95.00	95.00
Orakzai	Kurram, Orakzai Agency & Hangu	95.34	95.34
Pasni West	Gwadar & Kech	97.50	97.50
Pezu	D.G. Khan, Lakki Marwat, Tank, D.I. Khan & Tribal area of D.I. Khan	65.88	65.88
Plantak	Washuk & Panjgur	97.50	97.50
Rakhshan	Washuk	97.50	97.50
Ranipur	Khairpur, Larkana & Naushahro Feroz	95.00	95.00
Sinjhoro	Sanghar & Khairpur	76.00	76.00
Tando Allah Yar	Hyderabad & Tharparker	95.00	95.00
Tirah	Khyber, Kurram & Orakzai Agencies.	95.00	95.00
Zin	Dera Bugti, Nasirabad, Kohlu & Sibbi	95.00	95.00
Zorgarh	Ghotki, Jaffarabad, Kashmore, Dera Bugti & Rajanpur	95.80	95.80
Development and Production/ Mining Leases			
Baloch	Sanghar, Sindh	62.50	62.50
Britism West	Shaheed Benazirabad, Khairpur & Sanghar, Sindh	77.50	77.50
Chabaro	Khairpur & Shaheed Benazirabad, Sindh	77.50	77.50
Chak Naurang	Chakwal, Punjab	85.00	85.00
Chak-63	Sanghar, Sindh	62.50	62.50
Chak-63 South East	Sanghar, Sindh	62.50	62.50
Chak-66	Sanghar/Khairpur, Sindh	62.50	62.50
Chak-7A	Sanghar, Sindh	62.50	62.50
Chanda	Kohat, KPK	72.00	72.00
Chandio	Hyderabad, Sindh	77.50	77.50
Chak-2	Sanghar, Sindh	62.50	62.50
Dars	Hyderabad, Sindh	77.50	77.50
Dars Deep	Hyderabad, Sindh	77.50	77.50
Dars West	Hyderabad, Sindh	77.50	77.50
Dhok Hussain	Kohat, KPK	97.50	97.50
Gopang	Hyderabad, Sindh	77.50	77.50
Gundanwari	Shaheed Benazirabad, Khairpur & Sanghar, Sindh	77.50	77.50
Hakeem Dahu	Sanghar/Khairpur, Sindh	62.50	62.50
Jakhro	Sanghar, Sindh	77.50	77.50
Jhal Magsi South	Jhal Magsi, Balochistan	56.00	56.00
Kunnar South	Hyderabad, Sindh	77.50	77.50
Lala Jamali	Sanghar, Sindh	62.50	62.50
Maru	Ghotki,Sindh	57.76	57.76
Maru South	Ghotki,Sindh	57.76	57.76
Mela	Kohat, KPK	56.45	56.45
Nashpa	Karak, KPK	56.45	56.45
Nim	Hyderabad, Sindh	77.50	77.50
Nim West	Hyderabad, Sindh	77.50	77.50
Norai Jagir	Hyderabad, Sindh	77.50	77.50
Pasahki East	Hyderabad, Sindh	77.50	77.50
Pakhro	Tando Mohammad Khan, Sindh	77.50	77.50
Qadirpur	Ghotki & Kashmore, Sindh	75.00	75.00
Resham	Sanghar, Sindh	62.50	62.50
Reti	Ghotki,Sindh	57.76	57.76
Saand	Tando Allah Yar, Sindh	77.50	77.50
Shah	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar	Hyderabad, Sindh	77.50	77.50
Tando Allah Yar North	Hyderabad, Sindh	77.50	77.50
Unnar	Hyderabad, Sindh	77.50	77.50

* The Company requested DGPC for relinquishment of this exploratory block.

OIL AND GAS DEVELOPMENT COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

INTEREST IN JOINT OPERATIONS, WHOLLY OWNED CONCESSIONS AND GEOGRAPHICAL LOCATION AND ADDRESSES OF ALL BUSINESS UNITS- Continued

			Working Interest	
			2020	2019
Non Operated	**Location**	**Operator**	%	
Exploration Licenses				
Block-28	Kohlu, Dera Bughti & Barkhan	Mari Petroleum Company Limited	5.00	5.00
Bunnu West	Bannu & North Waziristan Agency	Mari Petroleum Company Limited	35.00	35.00
Offshore Indus-G	Offshore Area	Eni Pakistan Limited	25.00	25.00
Musakhel	Musa Khel & Zhob Distric, Balochistan	Pakistan Petroleum Limited	47.80	47.80
South Kharan	Washuk	Pakistan Petroleum Limited	46.50	46.50
Tal Block	Kohat, Karak & Bannu	MOL Pakistan Oil and Gas B.V.	30.00	30.00
Makhad	Attock, Punjab	Kirthar Pakistan B.V. (KUFPEC)	15.00	-
Development and Production/ Mining Leases				
Adhi /Adhi sakessar	Rawalpindi & Jehlum, Punjab	Pakistan Petroleum Limited	50.00	50.00
Ali Zaur	Badin, Sindh	United Energy Pakistan Limited	15.00	15.00
Badar	Kashmor, Sukkur & Ghotki, Sindh	Petroleum Exploration (Pvt) Limited	50.00	50.00
Badhra	Dadu, Sindh	Eni Pakistan Limited	20.00	20.00
Bhangali	Gujjar Khan, Punjab	Ocean Pakistan Limited	50.00	50.00
Bhit	Dadu, Sindh	Eni Pakistan Limited	20.00	20.00
Buzdar South	Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Dhurnal	Attock, Punjab	Ocean Pakistan Limited	20.00	20.00
Fateh Shah North	Thatta, Sindh	United Energy Pakistan Limited	15.00	15.00
Jabo	Golarchi & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Jagir	Badin, Sindh	United Energy Pakistan Limited	24.00	24.00
Jalal	Hyderabad, Sindh	United Energy Pakistan Limited	49.00	49.00
Jhaberi South	Badin, Sindh	United Energy Pakistan Limited	15.00	15.00
Kadanwari	Khairpur, Sindh	Eni Pakistan Limited	50.00	50.00
Kato	Tando Muhammed Alam & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Makori	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Makori Deep	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Makori East	Karak, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Mamikhel	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Manzalai	Karak, Kohat & Bannu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Maramzai	Kohat & Hangu, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Meyun Ismail	Hyderabad, Sindh	United Energy Pakistan Limited	49.00	49.00
Miano	Sukkur, Sindh	OMV (Pakistan) Exploration (OMV)	52.00	52.00
Muban	Hyderabad, Sindh	United Energy Pakistan Limited	24.00	24.00
Paniro	Matli & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Pindori	Chakwal, Punjab	Pakistan Oilfields Limited	50.00	50.00
Pir	Golarchi & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Raj	Hyderabad, Sindh	United Energy Pakistan Limited	24.00	24.00
Ratana	Attock, Punjab	Ocean Pakistan Limited	25.00	25.00
Rind	Tando Muhammed Alam & Badin, Sindh	United Energy Pakistan Limited	49.00	49.00
Sakhi Deep	Tando Muhammad Khan, Sindh	United Energy Pakistan Limited	24.00	24.00
Sara	Ghotki, Sindh	Spud Energy Pty Limited	40.00	40.00
Shah Dino	Badin, Sindh	United Energy Pakistan Limited	15.00	15.00
Suri	Ghotki, Sindh	Spud Energy Pty Limited	40.00	40.00
Tolang	Kohat, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Tolang West	Kohat, KPK	MOL Pakistan Oil and Gas B.V.	27.76	27.76
Zaur	Badin, Sindh	United Energy Pakistan Limited	49.00	49.00

43.2 GEOGRAPHICAL LOCATIONS OF REGIONAL OFFICES

Office	Address	Location
Kohat	Bunglow # 22, CMH Road	Kohat, KPK
Quetta	House # 3, Jinnah Town	Quetta, Baluchistan
Sukkhar	Bunglow # A-25, Shikarpur Road	Sukkur, Sindh
Karachi	Banglow # 1, PECHS Shaheed-d-Millat	Karachi, Sindh
Hyderabad	Muslim Housing Society	Hyderabad, Sindh
Multan	Piraan Ghaib Road	Multan, Punjab

44 APPLICATION OF IFRS 2 - SHARE BASED PAYMENT

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the "Scheme") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this Scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for the payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of the State Owned Enterprises need to be accounted for by the covered entities, including the Company, under the provisions of the amended International Financial Reporting Standard to share based payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities and Exchange Commission of Pakistan on receiving representation from some of the entities covered under the scheme and after having consulted the Institute of Chartered Accountants of Pakistan vide their Letter No. CAIDTS/PS& TAC/2011-2036 dated 02 February 2011 has granted exemption to such entities from the application of IFRS2 to the Scheme vide SRO 587 (I)/2011 dated 07 June 2011.

Had the exemption not been granted, unappropriated profit and reserves would have been lower and higher by Rs 30,137 million (2019: Rs 30,137 million) respectively.

The Privatization Commission has not paid any claims to unit holders since June 2011. The management believes that GoP is considering changes to the Scheme, and impact of any such changes cannot be determined as of 30 June 2020. Also refer note 11.

45 GENERAL

45.1 Capacity and Production

Saleable production (net) from Company's fields including share from non-operated fields for the year ended 30 June 2020 is as under:

Product	Unit	Actual production for the year
Crude oil/condensate (at ambient temperature)	Barrels	13,202,852
Natural Gas	MMSCF	326,767
Liquefied petroleum gas	M.Ton	270,600
Sulphur	M.Ton	19,637

Due to nature of operations of the Company, installed capacity of above products is not relevant.

45.2 Figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.

46 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

During the year, the World Health Organization (WHO) declared the outbreak of the novel strain of Corona virus (Covid-19) a global pandemic and recommended containment and mitigation measures worldwide. The Federal and Provincial governments of Pakistan also took various measures, including imposition of lockdown, from the end of March 2020 to contain the spread of Covid-19. This caused an overall economic slowdown and varying degree of disruption to various businesses including oil and gas, resulting in temporary decline in the sale of hydrocarbons. Oil production from the major operated and non operated fields declined from March 2020 onwards as a result of reduced oil demand from refineries on the back of depressed demand in the country. The situation has since then improved with the oil volumes nearly reaching the pre Covid-19 levels. Oil prices dropped drastically in April 2020, however, recovery has been witnessed with the oil prices now gradually increasing and are expected to further improve as the global demand picks up with improvement in Covid-19 situation.

Based on management's assessment there is no material impact on the carrying values of assets and liabilities as of 30 June 2020. From the very outset of Covid-19, the management has adopted various policies and practices to minimize adverse impact of Covid-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from Covid-19.

47 NON ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors recommended final cash dividend at the rate of Rs 2.50 per share amounting to Rs 10,752 million in its meeting held on 28 September 2020.

48 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 28 September 2020 by the Board of Directors of the Company.

Chief Financial Officer **Chief Executive** **Director**