

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**



## **Independent Auditor's Report**

### **To the members of Balochistan Energy Company Limited Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the annexed financial statements of **Balochistan Energy Company Limited** (the Company), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2024 and of the Profit, other comprehensive income/(loss), the changes in equity and its cash flows for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX



of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Arqum Naveed.

Muniff Ziauddin & Co

Chartered Accountants

Place: Lahore

Date: 12 AUG 2025

UDIN Number: AR202410123ryzmQ3k0A

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2024**

|                                      | Note | 2024<br>Rupees       | 2023<br>Rupees       |
|--------------------------------------|------|----------------------|----------------------|
| <b>ASSETS</b>                        |      |                      |                      |
| <b>Non current assets</b>            |      |                      |                      |
| Property and equipment               | 5    | 6,018,064            | 5,559,540            |
| Deferred tax asset                   | 6    | -                    | -                    |
|                                      |      | 6,018,064            | 5,559,540            |
| <b>Current assets</b>                |      |                      |                      |
| Short term investments               | 7    | 600,000,000          | 600,000,000          |
| Other receivables                    |      | 1,559,452            | 2,808,876            |
| Advance income tax                   |      | 73,096,817           | 27,400,684           |
| Cash and bank balances               | 8    | 546,945,887          | 462,947,310          |
|                                      |      | 1,221,602,156        | 1,093,156,870        |
|                                      |      | <u>1,227,620,220</u> | <u>1,098,716,410</u> |
| <b>EQUITY AND LIABILITIES</b>        |      |                      |                      |
| <b>Share capital and reserves</b>    |      |                      |                      |
| Share capital                        | 9    | 1,000,000            | 1,000,000            |
| Share deposit money                  | 10   | 624,800,000          | 624,800,000          |
| <b>Revenue reserves</b>              |      |                      |                      |
| Un-appropriated profit               |      | 138,160,679          | 33,230,832           |
|                                      |      | <u>763,960,679</u>   | <u>659,030,832</u>   |
| <b>Current liabilities</b>           |      |                      |                      |
| Trade and other payables             | 11   | 1,045,000            | 1,700,000            |
| Deferred credits                     | 12   | 397,445,197          | 397,684,597          |
| Provision for taxation               | 13   | 65,169,344           | 40,300,981           |
|                                      |      | 463,659,541          | 439,685,578          |
|                                      |      | <u>1,227,620,220</u> | <u>1,098,716,410</u> |
| <b>Contingencies and Commitments</b> | 14   |                      |                      |

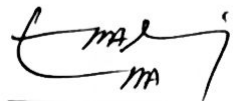
The annexed notes, from 1 to 28, form an integral part of these financial statements.



**Samiullah Musa FCA**  
**Chief Financial Officer**



**Muhammad Khalid**  
**Chief Executive Officer**



**Director**

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                                              | Note | 2024<br>Rupees     | 2023<br>Rupees     |
|--------------------------------------------------------------|------|--------------------|--------------------|
| Revenue                                                      |      | -                  | -                  |
| Direct expenses                                              |      | -                  | -                  |
| <b>Gross profit</b>                                          |      |                    |                    |
| Project expenses                                             | 15   | (239,400)          | (124,070)          |
| General and administrative expenses                          | 16   | (72,620,948)       | (54,065,264)       |
| Other income                                                 | 17   | 224,721,877        | 139,263,654        |
| Grant income                                                 | 18   | 18,239,400         | 18,124,070         |
| <b>Operating profit</b>                                      |      | <b>170,100,929</b> | <b>103,198,390</b> |
| Finance cost                                                 | 19   | (1,738)            | (7,522)            |
| <b>Profit before income tax and minimum tax differential</b> |      | <b>170,099,191</b> | <b>103,190,868</b> |
| Minimum tax differential                                     |      | -                  | -                  |
| <b>Profit before income tax</b>                              |      | <b>170,099,191</b> | <b>103,190,868</b> |
| Income tax                                                   | 20   | (65,169,344)       | (40,300,981)       |
| <b>Profit for the year</b>                                   |      | <b>104,929,847</b> | <b>62,889,887</b>  |

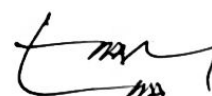
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**Samiullah Musa FCA**  
**Chief Financial Officer**



**Muhammad Khalid**  
**Chief Executive Officer**



**Director**

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                                                    | Note | 2024<br>Rupees     | 2023<br>Rupees    |
|--------------------------------------------------------------------|------|--------------------|-------------------|
| Profit for the year                                                |      | 104,929,847        | 62,889,887        |
| Other comprehensive income:                                        |      |                    |                   |
| Items that may be subsequently reclassified to profit or loss      |      | -                  | -                 |
| Items that will not be subsequently reclassified to profit or loss |      | -                  | -                 |
| Total comprehensive income for the year                            |      | <u>104,929,847</u> | <u>62,889,887</u> |

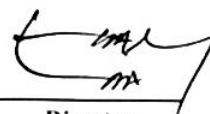
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**Samiullah Musa FCA**  
**Chief Financial Officer**



**Muhammad Khalid**  
**Chief Executive Officer**



**Director**

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                         | Share capital<br>Issued, subscribed<br>and paid up share<br>capital | Share deposit money | Revenue reserves<br>Un-appropriated<br>profit | Total       |
|-----------------------------------------|---------------------------------------------------------------------|---------------------|-----------------------------------------------|-------------|
|                                         | Rupees                                                              |                     |                                               |             |
| <b>Balance as at July 01, 2022</b>      | 1,000,000                                                           | 524,800,000         | (29,659,055)                                  | 496,140,945 |
| Profit for the year                     | -                                                                   | -                   | 62,889,887                                    | 62,889,887  |
| Other comprehensive income for the year | -                                                                   | -                   | -                                             | -           |
| Total comprehensive income for the year | -                                                                   | -                   | 62,889,887                                    | 62,889,887  |
| Share deposit money received            | -                                                                   | 100,000,000         | -                                             | 100,000,000 |
| <b>Balance as at June 30, 2023</b>      | 1,000,000                                                           | 624,800,000         | 33,230,832                                    | 659,030,832 |
| <b>Balance as at July 01, 2023</b>      | 1,000,000                                                           | 624,800,000         | 33,230,832                                    | 659,030,832 |
| Profit for the year                     | -                                                                   | -                   | 104,929,847                                   | 104,929,847 |
| Other comprehensive income for the year | -                                                                   | -                   | -                                             | -           |
| Total comprehensive income for the year | -                                                                   | -                   | 104,929,847                                   | 104,929,847 |
| Share deposit money received            | -                                                                   | -                   | -                                             | -           |
| <b>Balance as at June 30, 2024</b>      | 1,000,000                                                           | 624,800,000         | 138,160,679                                   | 763,960,679 |

The annexed notes, from 1 to 28, form an integral part of these financial statements.



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**Chief Financial Officer**



**Muhammad Khalid**  
**Chief Executive Officer**



**Director**

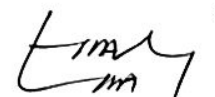
**BALUCHISTAN ENERGY COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

|                                                               | Note     | 2024<br>Rupees     | 2023<br>Rupees       |
|---------------------------------------------------------------|----------|--------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |          |                    |                      |
| Profit before taxation                                        |          | 170,099,191        | 103,190,868          |
| <b>Adjustment for non cash and other items:</b>               |          |                    |                      |
| Depreciation of property and equipment                        | 5        | 1,208,133          | 1,292,510            |
| Amortisation of government grant                              |          | (18,239,400)       | (18,124,070)         |
| Finance costs                                                 | 19       | 1,738              | 7,522                |
|                                                               |          | (17,029,529)       | (16,824,038)         |
| <b>Working capital changes:</b>                               |          |                    |                      |
| Decrease/(Increase) in other receivables                      |          | 1,249,424          | (1,126,575)          |
| (Decrease) in trade and other payables                        |          | (655,000)          | (7,532,993)          |
|                                                               |          | 594,424            | (8,659,568)          |
| <b>Cash generated from operations</b>                         |          | <b>153,664,086</b> | <b>77,707,262</b>    |
| Taxes paid                                                    |          | (85,997,114)       | (32,274,054)         |
| Finance costs paid                                            | 19       | (1,738)            | (7,522)              |
| <b>Net cash generated from operating activities</b>           |          | <b>67,665,234</b>  | <b>45,425,686</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |          |                    |                      |
| Payment for acquisition of property and equipment             |          | (1,666,657)        | (301,709)            |
| Short term investments made - net                             |          | -                  | (300,000,000)        |
| <b>Net cash used in investing activities</b>                  |          | <b>(1,666,657)</b> | <b>(300,301,709)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |          |                    |                      |
| Government grant received                                     |          | 18,000,000         | 18,000,000           |
| Share deposit money received                                  |          | -                  | 100,000,000          |
| <b>Net cash generated from financing activities</b>           |          | <b>18,000,000</b>  | <b>118,000,000</b>   |
| <b>Net Increase / (Decrease) in cash and cash equivalents</b> |          | <b>83,998,577</b>  | <b>(136,876,023)</b> |
| Cash and cash equivalents at the beginning of the year        |          | 462,947,310        | 599,823,333          |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>8</b> | <b>546,945,887</b> | <b>462,947,310</b>   |

The annexed notes, from 1 to 28, form an integral part of these financial statements.

  
**Samiullah Musa FCA**  
**Chief Financial Officer**

  
**Muhammad Khalid**  
**Chief Executive Officer**

  
**Director**

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**1 LEGAL STATUS AND OPERATIONS**

Balochistan Energy Limited (the Company) was incorporated on June 01, 2012 as a public un-listed company with limited liability under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company's primary activity is to carry on business of planning, promoting, organizing and implementing programmes for exploration and development of oil, gas, renewable and alternate energy resources in Pakistan and other related activities. The registered office of the Company is located at 67-A, Main Jinnah Town, Quetta, Balochistan.

**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 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
- Provision of and directives issued under the Companies Act, 2017.

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

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except as otherwise stated in the respective policy's notes below.

**2.3 Functional and presentation currency**

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

**2.4 Standards, interpretations and amendments to accounting and reporting standards that are effective in current year and are relevant to BECL**

Following amendments to published accounting and reporting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2023:

**IAS 1 Disclosure of accounting policies**

**Effective date:**

**1-Jan-23**

Amendments to IAS 1, 'Presentation of Financial Statements' includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

**IAS 8 Definition of accounting estimate**

**Effective date:**

**1-Jan-23**

The International Accounting Standards Board (the Board) has issued these amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**IAS 12 Deferred tax**

**Effective date:**

**1-Jan-23**

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

**2.4.1 Standards, interpretations and amendments to accounting and reporting standards that are effective in current year but are not relevant to the Company**

There are amendments to published accounting and reporting standards that are mandatory for accounting periods beginning on or after 01 July 2023 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

**2.4.2 Standards, amendments to approved accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company**

Following standards, amendments to the IFRS and interpretations are mandatory for companies having accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements:

**Amendments to existing standards**

**IFRS-S1 General Requirements for Disclosure of Sustainability - Effective date:**  
**Related Financial Information 1-Jan-24**

IFRS S1 sets out overall requirement with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reports in making decisions relating to providing resources to the entity.

**IFRS-S2 Climate- Related Disclosures Effective date:**  
**1-Jan-24**

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial report in making decisions relating to providing resources to the entity.

**IFRS-7 Financial Instruments: Disclosures Effective date:**  
**1-Jan-24**

Amendment regarding supplier finance arrangement.

**IFRS-16 Leases Effective date:**  
**1-Jan-24**

Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions.

**IAS-1 Presentation of Financial Statements Effective date:**  
**1-Jan-24**

Amendments regarding the classification of liabilities.  
 Amendment to defer the effective date of the January 2020 amendments.  
 Amendments regarding the classification of debt with covenants.  
 Amendment regarding the disclosure of accounting policies.

**IAS 12 Income Taxes Effective date:**  
**1-Jan-24**

Amendment to deter the effective date of the January 2020 amendments.

**IAS -7 Statement of Cashflows Effective date:**  
**1-Jan-24**

Amendment regarding supplier finance arrangement.

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

IAS-21

**The Effects of Changes in Foreign Exchange Rates**

Effective date:

1-Jan-25

Amendments regarding supplier finance arrangements

**2.5 Accounting estimates and judgements**

The preparation of financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values 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. Revision to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that year, or in the year of revision and future years if the revision affects both current and future years.

- Depreciation method, useful life and residual value of operating property and equipment - Note 3.1 & 4
- Impairment of financial assets - Note 3.2.4
- Taxation - Note 3.7
- Revenue recognition - Note 3.9
- Contingent liabilities - Note 3.10
- Provisions - Note 3.11
- Leases - Note 3.12

**3 MATERIAL ACCOUNTING POLICIES INFORMATION**

**3.1 Property and equipment**

**Initial measurement**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost comprises acquisition and other directly attributable costs. Freehold land is stated at cost less accumulated impairment loss, if any.

Capital work-in-progress is stated at cost less any accumulated impairment loss, if any.

**Subsequent measurement**

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the year in which they are incurred.

**Depreciation**

Depreciation on all items of property and equipment is charged to statement of profit or loss applying the reducing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates given in Note 4. Depreciation on additions to property and equipment is charged from the day in which an asset is acquired or capitalized while no depreciation is charged for the day in which the asset is disposed off.

**Disposal**

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the statement of profit or loss in the year the asset is de-recognized.

An item of operating property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal.

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**3.2 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.

**3.2.1 Classification**

**3.2.1.1 Financial assets**

The Company classifies its financial assets in the following categories:

- at amortized cost;
- fair value through profit or loss; or
- fair value through other comprehensive income.

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.

Financial assets that meet the following conditions are subsequently measured at amortized 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 specific 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 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 measured at FVTPL.

**3.2.1.2 Financial liabilities**

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"); or
- at amortized cost.

Financial liabilities are measured at amortized 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.

**3.2.2 Measurement**

**Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

**Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. 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 and liabilities at FVTOCI**

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income.

**BALUCHISTAN ENERGY COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**3.2.3 Derecognition**

**Financial assets**

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expires 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 amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in statement of 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 under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss.

**3.2.4 Impairment of financial assets**

The Company recognizes loss allowance for ECL on financial assets measured at amortised cost except for debts due directly / ultimately from Government of Pakistan, if any, in respect of which exemption is granted by SECP. For trade debts, if any, 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 other receivables 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 Government of Pakistan, if any, 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.

**3.2.5 Off setting of financial assets and financial liabilities**

Financial assets and liabilities are off-set 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.

**3.3 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and cash at banks in current and saving accounts.

**BALUCHISTAN ENERGY COMPANY LIMITED**  
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**3.4 Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred (if required) and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non current liabilities as deferred income and are credited to statement of profit or loss on a straight-line basis over the expected useful lives of the related assets.

**3.5 Share deposit money**

Government grants received in the form of seed money against which shares will be issued in the future has been recognized as share deposit money as the government has provided such grant on the condition that the principal amount would not be utilized and the income earned on such amount would be used for operations. Further, this amount is not payable and has been recognized as equity.

**3.6 Trade and other payables**

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**3.7 Taxes and Levies**

**Minimum tax levies**

The Company Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

**Current tax**

The charge for current taxation is based on taxable income at the current rates after taking into account applicable tax credits, rebates and exemption available (if any) or on turnover at the specified rates or Alternate Corporate Tax as defined in section 113C of the Income Tax Ordinance, 2001, whichever is higher.

**Deferred tax**

Deferred tax is provided using the balance sheet method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profits and taxable temporary differences will be available against such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

**3.8 Related party balances and transactions**

All balances and transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

**3.9 Revenue recognition**

Revenue shall be recognized when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset and thus has the ability to direct the use and obtain the benefits from the good or service.

**BALUCHISTAN ENERGY COMPANY LIMITED**  
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Return on bank deposits and short-term investments - at amortized cost is recognized on time proportion basis under effective interest method.

**3.10 Contingent liabilities**

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.

**3.11 Provisions**

Provisions are recognized when the Company has present, legal or constructive obligation that arises from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation can be measured with sufficient reliability.

**3.12 Leases**

The company has opted for exemption under IFRS 16 to classify leases as short term lease. Short term leases are leases whereby the lease term of the asset is less than 12 months. The rental expense in relation to the lease is recognized in statement of profit or loss.

**4 Adoption of ICAP's Guidance on Accounting for Minimum Taxes and Final Taxes**

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) issued the "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes." This guidance requires the bifurcation of minimum taxes into two components:

- A component representing income tax within the scope of IAS 12 (Income Taxes).
- A component representing a levy within the scope of IFRIC 21 (Levies) or IAS 37 (Provisions, Contingent Liabilities, and Contingent Assets).

For bifurcation of minimum taxes into above two components, following two approaches can be adopted:

(a) Designate the amount calculated on gross amount of revenue or other basis (such as receipts or other values etc. as provided in law) as a levy within the scope of IFRIC 21/IAS 37 and recognise it as an operating expense. Any excess over the amount designated as a levy is then recognised as current income tax expense falling under the scope of IAS 12.

(b) Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

The Company has adopted approach (b) as per the guidance, wherein the amount calculated on taxable income using the notified tax rate is designated as an income tax within the scope of IAS 12 and is recognized as a current income tax expense. Any excess over the amount designated as income tax is recognized as a levy within the scope of IFRIC 21 or IAS 37.

The Company has accounted for this guidance retrospectively in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors). As this change in accounting policy does not have a material impact on the comparative financial statements, therefore, no adjustments have been made to the comparative figures presented in these financial statements.

**BALUCHISTAN ENERGY COMPANY LIMITED**  
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**5 Property and equipment**

**As at June 30, 2022**

|                          | Furniture and fixture | Computers | Office Equipment | Generator | Vehicles  | Total       |
|--------------------------|-----------------------|-----------|------------------|-----------|-----------|-------------|
| Cost                     | 1,101,691             | 2,041,283 | 360,219          | 199,485   | 5,236,000 | 8,938,678   |
| Accumulated depreciation | (441,603)             | (815,025) | (99,961)         | (71,815)  | (959,933) | (2,388,337) |
| Net book value           | 660,088               | 1,226,258 | 260,258          | 127,670   | 4,276,067 | 6,550,341   |

**For the year ended June 30, 2023**

|                                  |           |           |          |          |           |             |
|----------------------------------|-----------|-----------|----------|----------|-----------|-------------|
| Opening net book value           | 660,088   | 1,226,258 | 260,258  | 127,670  | 4,276,067 | 6,550,341   |
| Additions                        | 109,740   | -         | 191,969  | -        | -         | 301,709     |
| Depreciation charge for the year | (115,474) | (245,252) | (51,037) | (25,534) | (855,213) | (1,292,510) |
| Closing net book value           | 654,354   | 981,006   | 401,190  | 102,136  | 3,420,854 | 5,559,540   |

**As at June 30, 2023**

|                          |           |             |           |          |             |             |
|--------------------------|-----------|-------------|-----------|----------|-------------|-------------|
| Cost                     | 1,211,431 | 2,041,283   | 552,188   | 199,485  | 5,236,000   | 9,240,387   |
| Accumulated depreciation | (557,077) | (1,060,277) | (150,998) | (97,349) | (1,815,146) | (3,680,847) |
| Net book value           | 654,354   | 981,006     | 401,190   | 102,136  | 3,420,854   | 5,559,540   |

**For the year ended June 30, 2024**

|                                  |           |           |          |          |           |             |
|----------------------------------|-----------|-----------|----------|----------|-----------|-------------|
| Opening net book value           | 654,354   | 981,006   | 401,190  | 102,136  | 3,420,854 | 5,559,540   |
| Additions                        | 1,445,046 | -         | 221,611  | -        | -         | 1,666,657   |
| Depreciation charge for the year | (221,837) | (196,201) | (85,497) | (20,427) | (684,171) | (1,208,133) |
| Closing net book value           | 1,877,563 | 784,805   | 537,304  | 81,709   | 2,736,683 | 6,018,064   |

**As at June 30, 2024**

|                          |           |             |           |           |             |             |
|--------------------------|-----------|-------------|-----------|-----------|-------------|-------------|
| Cost                     | 2,656,477 | 2,041,283   | 773,799   | 199,485   | 5,236,000   | 10,907,044  |
| Accumulated depreciation | (778,914) | (1,256,478) | (236,495) | (117,776) | (2,499,317) | (4,888,980) |
| Net book value           | 1,877,563 | 784,805     | 537,304   | 81,709    | 2,736,683   | 6,018,064   |

|                     |     |     |     |     |     |  |
|---------------------|-----|-----|-----|-----|-----|--|
| Depreciation rate % | 15% | 20% | 15% | 20% | 20% |  |
|---------------------|-----|-----|-----|-----|-----|--|

100,000

100,000

Ordinary shares of Rs. 10 each, fully paid in

1,000,000

1,000,000

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|                                 | Note | 2024<br>Rupees | 2023<br>Rupees |
|---------------------------------|------|----------------|----------------|
| <b>6 Deferred tax assets</b>    |      |                |                |
| Deductible temporary difference |      |                |                |
| Unused tax losses               |      | -              | -              |
| Taxable temporary difference    |      |                |                |
| Property and equipment          |      | -              | -              |

The Company has not recognized deferred tax asset amounting to Rs 35,341 on its deductible temporary differences because of uncertainty relating to future taxable profits, against which the Company can claim this deductible temporary difference.

|                                 | Note | 2024<br>Rupees | 2023<br>Rupees |
|---------------------------------|------|----------------|----------------|
| <b>7 SHORT TERM INVESTMENTS</b> |      |                |                |
| At amortized cost               |      |                |                |
| Term Deposit Receipts (TDRs)    | 7.1  | 600,000,000    | 600,000,000    |

7.1 This represents Term Deposit Receipts having maturities of 1 year with bank Al-falah Limited, amounting to Rs. 200 million and a TDR of Rs. 400 million respectively, which carries mark-up at the rate of 20.80% per annum and 19.15% per annum respectively (2023: 14.65% and 20.34%).

|                                 | Note | 2024<br>Rupees | 2023<br>Rupees |
|---------------------------------|------|----------------|----------------|
| <b>8 CASH AND BANK BALANCES</b> |      |                |                |
| Cash in hand                    |      | 25,000         | 25,000         |
| Cash at bank                    |      |                |                |
| - Saving account                | 8.1  | 537,701,447    | 462,665,123    |
| - Current account               |      | 9,219,440      | 257,187        |
|                                 |      | 546,945,887    | 462,947,310    |

8.1 This carries profit ranging from 19.91% to 20.50% per annum (2023: 12.42% to 20.30% per annum).

|  | Note | 2024<br>Rupees | 2023<br>Rupees |
|--|------|----------------|----------------|
|--|------|----------------|----------------|

**9 SHARE CAPITAL**

**9.1 Authorized share capital**

2024  
Numbers

2023  
Numbers

Authorized share capital of Rs 10 each.

100,000 100,000

1,000,000 1,000,000

**9.2 Issued, subscribed and paid-up share capital**

2024  
Numbers

2023  
Numbers

Ordinary shares of Rs. 10 each, fully paid in

100,000 100,000

1,000,000 1,000,000

9.3 There is no change in the issued, subscribed and paid up capital of the Company.

|                               | Note | 2024<br>Rupees | 2023<br>Rupees |
|-------------------------------|------|----------------|----------------|
| <b>10 SHARE DEPOSIT MONEY</b> |      |                |                |
| Opening balance               |      | 624,800,000    | 524,800,000    |
| Received during the year      | 10.1 | -              | 100,000,000    |
|                               |      | 624,800,000    | 624,800,000    |

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- 10.1 This represents funds received from Government of Balochistan Energy Department as seed money. The principal amount is restricted and cannot be utilized, the income earned thereon can be recognized against expenses. Under the Board Resolution dated 7th December, 2020 these funds are accounted for as advance received against issue of shares to the Government of Balochistan.

|                                    | Note | 2024<br>Rupees   | 2023<br>Rupees   |
|------------------------------------|------|------------------|------------------|
| <b>11 TRADE AND OTHER PAYABLES</b> |      |                  |                  |
| Other payables                     |      | 1,045,000        | 1,450,000        |
| Accrued liabilities                |      | -                | 250,000          |
|                                    |      | <u>1,045,000</u> | <u>1,700,000</u> |

|                            |             |                    |                    |
|----------------------------|-------------|--------------------|--------------------|
| <b>12 DEFERRED CREDITS</b> | <b>12.1</b> | <u>397,445,197</u> | <u>397,684,597</u> |
|----------------------------|-------------|--------------------|--------------------|

- 12.1 This represents grant received during the year from government for the purpose of carrying out projects and operational expenditures. The movement during the year is as follow:

|                                           | Note | 2024<br>Rupees     | 2023<br>Rupees     |
|-------------------------------------------|------|--------------------|--------------------|
| <b>Grant related to assets</b>            |      |                    |                    |
| Opening balance                           |      | 397,684,597        | 397,808,667        |
| Amortization against project expenses     |      | (239,400)          | (124,070)          |
| Closing balance                           |      | <u>397,445,197</u> | <u>397,684,597</u> |
| <b>Grant related to expenses</b>          |      |                    |                    |
| Opening balance                           |      | 18,000,000         | 18,000,000         |
| Grant received during the year            |      | (18,000,000)       | (18,000,000)       |
| Amortization against operational expenses |      | -                  | -                  |
| Closing balance                           |      | <u>65,169,344</u>  | <u>40,300,981</u>  |

**13 PROVISION FOR TAXATION**

**14 CONTINGENCIES AND COMMITMENTS**

There are no known contingencies and commitments as at year ended (2023: Nil).

|                            | Note        | 2024<br>Rupees | 2023<br>Rupees |
|----------------------------|-------------|----------------|----------------|
| <b>15 PROJECT EXPENSES</b> | <b>15.1</b> | <u>239,400</u> | <u>124,070</u> |

- 15.1 The project expenditures relates to establishment of LPG Testing Laboratory at Taftan border to test the quality of LPG entering Balochistan. It will conduct tests to analyze composition, detect contaminants, and verify safety compliances. By testing LPG samples from incoming shipments, the lab will test adherence to regulatory standards to help safeguard consumer safety. This initiative aims to uphold high-quality benchmarks and improve the reliability of LPG in the region.

|                                               | Note        | 2024<br>Rupees    | 2023<br>Rupees    |
|-----------------------------------------------|-------------|-------------------|-------------------|
| <b>16 GENERAL AND ADMINISTRATIVE EXPENSES</b> |             |                   |                   |
| Staff salaries, wages and benefits            |             | 57,074,849        | 41,961,397        |
| Travelling and conveyance                     |             | 5,968,596         | 4,148,007         |
| Rent, rates and taxes                         | <b>16.1</b> | 3,367,957         | 3,005,645         |
| Depreciation                                  |             | 1,208,133         | 1,292,510         |
| Repair and maintenance                        |             | 1,224,928         | 1,257,495         |
| Medical expense                               |             | 676,418           | -                 |
| Utilities                                     |             | 609,599           | 146,020           |
| Printing and stationary                       |             | 556,507           | 346,404           |
| Legal and professional charges                |             | 441,755           | 242,901           |
| Meeting fee                                   |             | -                 | 140,000           |
| Office supplies                               |             | 377,912           | 240,412           |
| Entertainment                                 |             | 361,725           | 240,167           |
| Auditors' remuneration                        | <b>16.2</b> | 320,000           | 339,800           |
| Communication                                 |             | 401,384           | 160,178           |
| Other expenses                                |             | -                 | 232,314           |
| Insurance                                     |             | 31,185            | 312,014           |
|                                               |             | <u>72,620,948</u> | <u>54,065,264</u> |

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16.1 This is a short term lease (less than 12 months) treated as exemption as allowed under IFRS-16.

|                                    | Note | 2024<br>Rupees     | 2023<br>Rupees     |
|------------------------------------|------|--------------------|--------------------|
| <b>16.2 Auditors' remuneration</b> |      |                    |                    |
| <b>Audit services</b>              |      |                    |                    |
| Annual audit fee                   |      | 250,000            | 200,000            |
| Out of pocket expenses             |      | 20,000             | 89,800             |
|                                    |      | <u>270,000</u>     | <u>289,800</u>     |
| <b>Non-audit services</b>          |      |                    |                    |
| Statement of compliance review     |      | 50,000             | 50,000             |
|                                    |      | <u>320,000</u>     | <u>339,800</u>     |
| <b>17 OTHER INCOME</b>             |      |                    |                    |
| Profit on Term Deposit Receipts    |      | 120,878,491        | 72,982,001         |
| Profit on saving accounts          | 17.1 | 103,843,386        | 65,986,904         |
| Legal fee refunded from Aspire law |      | -                  | 294,749            |
|                                    |      | <u>224,721,877</u> | <u>139,263,654</u> |

17.1 This carries profit ranging from 19.91% to 20.50% per annum (2023: 12.42% to 20.30% per annum).

|                                  | Note | 2024<br>Rupees    | 2023<br>Rupees    |
|----------------------------------|------|-------------------|-------------------|
| <b>18 Grant Income</b>           |      |                   |                   |
| Amortization of Government Grant |      | <u>18,239,400</u> | <u>18,124,070</u> |
| <b>19 FINANCE COST</b>           |      |                   |                   |
| Bank charges                     |      | <u>1,738</u>      | <u>7,522</u>      |
| <b>20 TAXATION</b>               |      |                   |                   |
| <b>Current tax:</b>              |      |                   |                   |
| -Charge for current year         |      | 65,169,344        | 40,300,981        |
| -Prior year adjustment           |      | -                 | -                 |
|                                  |      | <u>65,169,344</u> | <u>40,300,981</u> |

**21 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in these financial statements in respect of remuneration to Chief Executive and Executives of the Company is as follows:

|                         | 2024                    |            |            | 2023                    |            |            |
|-------------------------|-------------------------|------------|------------|-------------------------|------------|------------|
|                         | Chief Executive Officer | Executives | Total      | Chief Executive Officer | Executives | Total      |
| Managerial remuneration | 14,200,000              | 38,638,127 | 52,838,127 | 4,535,714               | 33,240,807 | 37,776,521 |
| No. of persons          | 1                       | 10         | 11         | 1                       | 8          | 9          |

21.1 The aggregate amount paid/ charged in these financial statements in respect of the directors meeting fee is Rs 405,000 (2023: 140,000).

**22 FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and equity price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on prudent handling of financial operations in line with Government approved budgetary grant.

**22.1 Credit risk**

Credit risk is the risk of financial loss to the company if counterparty to a financial instrument fails to meet its contractual obligation. the company is exposed to credit risk to the extent of short term investments, other receivables and bank balances.

**22.1.1 Exposure to credit risk**

The carrying amount of financial assets represent the maximum credit exposure. The maximum exposure to credit risk

**BALUCHISTAN ENERGY COMPANY LIMITED**  
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at the reporting date is as follows:

|               | Note | 2024<br>Rupees       | 2023<br>Rupees       |
|---------------|------|----------------------|----------------------|
| Short term    | 7    | 600,000,000          | 600,000,000          |
| Bank balances | 8    | 546,920,887          | 462,922,310          |
|               |      | <u>1,146,920,887</u> | <u>1,062,922,310</u> |

Geographically there is no concentration of credit risk as the company operates in the same geographical area.

**Credit quality of financial assets.**

The management is of the view that it is not exposed to significant concentration of credit risk. The credit risk on short term investment and bank balances is limited because the counter party is a bank with reasonably high credit ratings. The credit quality of the banks as per credit rating agency is as follows:

| Bank                      | Rating    |            | Rating agency | 2024<br>Rupees     | 2023<br>Rupees     |
|---------------------------|-----------|------------|---------------|--------------------|--------------------|
|                           | Long term | Short term |               |                    |                    |
| Allied Bank Limited       | AAA       | A1+        | PACRA         | -                  | 115,803            |
| National Bank of Pakistan | AAA       | A1+        | PACRA         | 9,219,440          | 257,187            |
| Bank Al-Falah Limited     | AA+       | A1+        | PACRA         | 537,701,447        | 462,549,320        |
|                           |           |            |               | <u>546,920,887</u> | <u>462,922,310</u> |

| Short term investments | Rating    |            | Rating agency | 2024<br>Rupees | 2023<br>Rupees |
|------------------------|-----------|------------|---------------|----------------|----------------|
|                        | Long term | Short term |               |                |                |
| Bank Al-Falah Limited  | AA+       | A1+        | PACRA         | 600,000,000    | 600,000,000    |

**22.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage 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 Company manages liquidity risk by maintaining sufficient cash and the availability of funding from the government. The management believes the liquidity risk to be low. Following are the financial liabilities of company at year end. The amount disclosed in the table are undiscounted cash flows:

|                            | Carrying value     | Contractual cash flows | Within one year      | One to five years |
|----------------------------|--------------------|------------------------|----------------------|-------------------|
| <b>As at June 30, 2024</b> |                    |                        |                      |                   |
| Trade and other payables   | 1,045,000          | (1,045,000)            | (1,045,000)          | -                 |
| Deferred credits           | 397,445,197        | (397,445,197)          | (397,445,197)        | -                 |
|                            | <u>398,490,197</u> | <u>(398,490,197)</u>   | <u>(398,490,197)</u> | <u>-</u>          |
| <b>As at June 30, 2023</b> |                    |                        |                      |                   |
| Trade and other payables   | 1,700,000          | (1,700,000)            | (1,700,000)          | -                 |
| Deferred credits           | 397,684,597        | (397,684,597)          | (397,684,597)        | -                 |
|                            | <u>399,384,597</u> | <u>(399,384,597)</u>   | <u>(399,384,597)</u> | <u>-</u>          |

**22.3 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices 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.

**22.3.1 Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to any currency risk as there are no transactions in foreign currency.

**22.3.2 Interest rate risk**

The interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because

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of changes in the market interest rates. Majority of the interest rate exposure arises from short term investments and bank deposits. At the balance sheet date, the interest rate profile of the Company's interest bearing financial instrument is:

|                                  |   | 2024<br>Rupees     | 2023<br>Rupees     |
|----------------------------------|---|--------------------|--------------------|
| <b>Financial Assets</b>          |   |                    |                    |
| <b>Fixed rate instruments</b>    |   |                    |                    |
| Short term investments           | 7 | <u>600,000,000</u> | <u>600,000,000</u> |
| <b>Financial Assets</b>          |   |                    |                    |
| <b>Variable rate instruments</b> |   |                    |                    |
| Cash at bank - saving accounts   | 8 | <u>537,701,447</u> | <u>462,665,123</u> |

**Interest rate sensitivity of fixed rate instruments**

The Company does not account for any financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at reporting date would not affect materially the statement of profit or loss of the Company in respect of these financial instruments.

**Interest rate sensitivity of variable rate instruments**

If the interest rates at the reporting date had increased / decreased by 1% with all other variables being constant, the surplus before tax would have been increased / decreased by Rs. 5,377,014 (2023: Rs. 4,626,651).

|                                                | Note | 2024<br>Rupees       | 2023<br>Rupees       |
|------------------------------------------------|------|----------------------|----------------------|
| <b>22.4 Financial Instruments by category</b>  |      |                      |                      |
| <b>Financial assets at amortized cost</b>      |      |                      |                      |
| Short term                                     | 7    | 600,000,000          | 600,000,000          |
| Other receivables                              |      | 1,559,452            | 2,808,876            |
| Bank balances                                  | 8    | <u>546,945,887</u>   | <u>462,922,310</u>   |
|                                                |      | <u>1,148,505,339</u> | <u>1,065,731,186</u> |
| <b>Financial liabilities at amortized cost</b> |      |                      |                      |
| Trade and other payables                       | 11   | 1,045,000            | 1,700,000            |
| Deferred credits                               | 12   | <u>397,445,197</u>   | <u>397,684,597</u>   |
|                                                |      | <u>398,490,197</u>   | <u>399,384,597</u>   |

**22.5 Fair values of financial instruments**

The book value of all financial instruments reported in the financial statements approximates their fair value unless otherwise stated.

**23 FUND RISK MANAGEMENT**

The company's objective when managing funds is to safeguard the Company's ability to continue as a going concern so that it can continue to provide benefits to the stakeholders and to maintain strong fund base to support the sustained development of its business. The Company is not exposed to any externally imposed fund requirements whether restricted or unrestricted.

|                                             | 2024<br>Number | 2023<br>Number |
|---------------------------------------------|----------------|----------------|
| <b>24 NUMBER OF EMPLOYEES</b>               |                |                |
| Number of employees at the year end         | 20             | 17             |
| Average number of employees during the year | 19             | 17             |

**25 TRANSACTIONS WITH RELATED**

- 25.1** The related parties of the Company comprise of Government of Balochistan (GoB), entities owned and controlled by GoB and key management personnel. Following are the related parties with whom the Company entered into transactions during the year;

| <u>Name</u>                                      | <u>Shareholding of Company</u> | <u>Nature of Relationship</u> |
|--------------------------------------------------|--------------------------------|-------------------------------|
| Energy Department -<br>Government of Balochistan | 99.997%                        | Shareholder                   |
| Balochistan Revenue                              | N/A                            | GoB owned/controlled entity   |

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**25.2 Related parties by virtue of GoB holdings**

The GoB is entitled to nominate members of the Board of Directors. Further, GoB is in a position to exercise control over managerial affairs of the Company. The management of the Company considers GoB and its associated bodies as related parties for disclosure purposes.

The transactions described below are collectively, but not individually, significant to these financial statements and therefore disclosed below:

| <u>Related Party</u>      | <u>Description</u>                | <u>2024</u><br><u>Rupees</u> |
|---------------------------|-----------------------------------|------------------------------|
| Government of Balochistan | Grant for operational expenditure | 18,000,000                   |

- a) The Company is working under administrative control of Balochistan Energy Department.  
b) The Company has availed advertisement services through DGPR.  
c) The Company collects and pays Balochistan sales tax in the capacity of Withholding Agents, on behalf of GoB, to Balochistan Revenue Authority.
- 25.3** All the transactions with directors, chief executive and executives have been disclosed in the Note 20 to these financial statements.

**26 CORRESPONDING FIGURES**

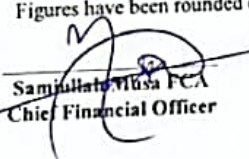
The corresponding figures have been reclassified, whenever considered necessary to reflect more appropriate presentation of the events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. There has been no reclassifications during the year.

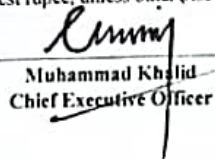
**27 DATE OF AUTHORISATION OF ISSUE**

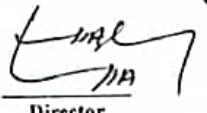
These financial statements were approved by the Company's Board of Directors and authorized for issue on  
11-Feb-2025

**28 GENERAL**

Figures have been rounded off to the nearest rupee, unless otherwise stated.

  
Samiullah Musa FCA  
Chief Financial Officer

  
Muhammad Khalid  
Chief Executive Officer

  
Director