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FISHERIES DEVELOPMENT BOARD

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

EY Ford Rhodes

A member firm of Ernst & Young Global Limited



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**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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INDEPENDENT AUDITOR'S REPORT

To The Members of Fisheries Development Board

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Fisheries Development Board (the Company), which comprise the statement of financial position as at 30 June 2018, the income and expenditure statement, the statement of changes in fund, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies 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 income and expenditure statement, the statement of changes in fund, 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 30 June 2018 and of the deficit, other comprehensive income, the changes in fund, 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 Directors' 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 communicate the matter to Board of Directors. We have nothing to report in this regard.



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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.



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- 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 income and expenditure statement, the statement of changes in fund, 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 Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ahsan Shahzad.

EY Ford Rhodes
Chartered Accountants
Islamabad
Date: 29 March 2019

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 -----Pak Rupees-----	2017
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	6	26,505,936	51,315,292
Intangible asset	7	1,886,436	1,749,997
		28,392,372	53,065,289
CURRENT ASSETS			
Inventory	8	368,647	368,647
Grant receivable		213,210	-
Advances	9	112,399	408,498
Deposits and short-term prepayments	10	1,008,033	393,170
Interest accrued		218,715	3,763
Other receivables	11	458,152	304,740
Short-term investments	12	20,000,000	40,000,000
Cash and bank balances	13	56,754,620	86,384,623
		79,133,776	127,863,441
TOTAL ASSETS		107,526,148	180,928,730
FUND AND LIABILITIES			
FUND			
Accumulated surplus		18,672,068	36,805,279
NON-CURRENT LIABILITIES			
Deferred grants	14	85,483,397	139,049,064
CURRENT LIABILITIES			
Accrued and other liabilities	15	3,370,683	5,074,387
TOTAL LIABILITIES		88,854,080	144,123,451
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL FUND AND LIABILITIES		107,526,148	180,928,730

The annexed notes, from 1 to 29, form an integral part of these financial statements.

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 CHAIRMAN


 CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

INCOME	Note	2018 -----Pak Rupees-----	2017
Grant income	17	71,759,442	55,338,669
Other operating income	18	<u>2,480,889</u>	<u>3,295,412</u>
		74,240,331	58,634,081
Other income	19	<u>38,928</u>	<u>1,527,313</u>
		<u>74,279,259</u>	<u>60,161,394</u>
EXPENDITURE			
Programme expenses - direct costs	20	16,096,116	40,816,342
Other operating expense	21	38,217,234	-
Administrative expenses	22	<u>38,099,120</u>	<u>36,423,310</u>
		<u>92,412,470</u>	<u>77,239,652</u>
DEFICIT FOR THE YEAR		<u>(18,133,211)</u>	<u>(17,078,258)</u>
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(18,133,211)</u></u>	<u><u>(17,078,258)</u></u>

The annexed notes, from 1 to 29, form an integral part of these financial statements.

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CHAIRMAN



CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2018

	UNRESTRICTED FUND
	Accumulated Surplus
	-----Pak Rupees-----
Balance at 01 July 2016	53,883,537
Total comprehensive income for the year	
Deficit for the year	(17,078,258)
Other Comprehensive Income for the year	-
Total Comprehensive Loss for the year	(17,078,258)
Balance at 30 June 2017	36,805,279
Total comprehensive income for the year	
Deficit for the year	(18,133,211)
Other comprehensive income for the year	-
Total comprehensive loss for the year	(18,133,211)
Balance at 30 June 2018	18,672,068

The annexed notes, from 1 to 29, form an integral part of these financial statements.



CHAIRMAN

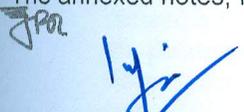


CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 -----Pak Rupees-----	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit for the year		(18,133,211)	(17,078,258)
Adjustments for non-cash and other items:			
Depreciation	6.3	16,296,631	14,322,327
Amortization	7	220,841	200,000
Grant income	17	(71,759,442)	(55,338,669)
Write-off of property and equipment	22	928,620	-
Other operating expense (impairment loss)	21	38,217,234	-
Profit on investments and bank deposits	18	(2,480,889)	(3,295,412)
		<u>(18,577,005)</u>	<u>(44,111,754)</u>
		<u>(36,710,216)</u>	<u>(61,190,012)</u>
Working capital changes:			
Decrease / (increase) in current assets			
Inventory		-	2,750,000
Grant receivable		-	9,976,251
Advances		296,099	2,943
Deposits and short- term prepayments		(614,863)	360,803
Other receivables		(153,412)	416,284
Decrease in current liabilities			
Decrease in trade and other payables		(1,703,704)	(9,447,392)
Cash (used in) / generated from operations		<u>(2,175,880)</u>	4,058,889
Grant received		17,980,565	125,935,600
Net cash (used in) / generated from operating activities		<u>(20,905,531)</u>	68,804,477
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment		(30,633,129)	(19,315,586)
Decrease in short-term investments		20,000,000	-
Additions in intangible assets		(357,280)	-
Receipt of profit on investments and bank deposits		2,265,937	3,301,715
Net cash used in investing activities		<u>(8,724,472)</u>	(16,013,871)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(29,630,003)</u>	52,790,606
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>86,384,623</u>	33,594,017
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	13	<u>56,754,620</u>	<u>86,384,623</u>

The annexed notes, from 1 to 29, form an integral part of these financial statements.


 CHAIRMAN


 CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1 LEGAL STATUS AND OPERATIONS

Fisheries Development Board (FDB/ the Company), was incorporated on 02 August 2007 under Section 42 of the Companies Ordinance, 1984 (replaced by the Companies Act, 2017 with effect from 30 May, 2017), as a company limited by guarantee. The Company's license under section 42 of the Companies Act 2017 is valid up to 15 January 2021. The registered office of the Company is situated at Plot 12, Orchard Scheme, Murree Road, Islamabad.

Geographical location and address of business units

Locations	Purpose
(a) Plot 12, Orchard Scheme, Murree Road, Islamabad	Head Office
(b) B-111 13D/2 Gulshan Iqbal, Karachi	Regional Office
(c) Agha Rizvi house, division road Alamdar chowk, Skardu	Site Office

The Company has been set up to provide and maintain a platform for enhancing and promoting the fisheries sector in Pakistan, where the participants, professionals and intermediaries may discuss issues of common interest, identify new solutions that enhance the efficiency of the sector, initiate development programs, promote regional and global integration, and undertake activities in Pakistan and / or abroad, for any or all of the purposes for which the Company has been established. The operations of the Company are being run and administered by Ministry of National Food Security and Research (formerly Ministry of Food, Agriculture and Livestock).

The objective of setting up the Company was envisioned under PC-1 of the Aquaculture and Shrimp Farming Project ("the Project") dated April 2007. The Project was originally sponsored by the Ministry of Food, Agriculture and Livestock (MINFAL) and is being executed through the following agencies.

- Ministry of National Food Security and Research (formerly MINFAL)
 - Fisheries Management Wing (FMW)
 - Marine Fisheries Department (MFD)
 - Pakistan Agricultural Research Council (PARC)
- Line department of provinces and special areas
- Private sector / NGOs

1.1 Joint Arrangements

- a) On 06 March 2015, FDB entered into an agreement with Reliance Aqua Farm (Private) Limited (RAFPL), to execute a project of shrimp farming on commercial basis. Under the terms of the arrangement, RAFPL shall contribute all of its existing infrastructure to the joint arrangement for the term of the agreement; i.e. five years. As per the agreement, FDB shall invest in repair of ponds, farm inputs, procurement and installation of equipment and hiring of staff for the farm, in the first year of operations; from the second year of operations, RAFPL will invest in operational costs like fish seed and feed etc., and utilize the machinery, equipment and ponds renovated by FDB. The net profit shall be disbursed between FDB and RAFPL at 60:40 in the first year, and 30:70 in subsequent years, respectively. Any loss during the first financial year will however, be borne by FDB entirely. Management interprets that any loss in subsequent years is to be borne by RAFPL and FDB will not bear any liability in this respect.

Out of the total fourteen ponds owned by RAFPL, FDB shall utilize ten ponds and may sublet the remaining four ponds to any private sector entrepreneur. For sublet ponds, FDB shall finance the repair of the ponds and installation of equipment, and the lessee shall incur the operational costs of farming, and will payback 30% of the net profit, to be shared equally between FDB and RAFPL.

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- b) FDB entered into an agreement on 12 May 2018 with Modern Aqua Culture for a period of one year, to execute a project of shrimp fish farming. As mentioned in point (a) above that FDB may sublet the ponds to private sector entrepreneur, FDB has sublet the three ponds to Modern Aqua Culture. Under the terms of the agreement between Modern Aqua Culture and FDB, Modern Aqua Culture will bear all operational cost including site labor, foreign consultant salary, shrimp seed and feeds, fertilizer, medicine, diesel consumption for water pumping and FDB will provide infrastructure in working condition such as equipment including aerators, electrical and mechanical machinery. The income of the arrangement will be calculated after deducting from the sale proceeds all actual operating cost/expenses (invested as operational cost and agreed by FDB). 30% of the net income from the arrangement will be shared between FDB and RAFPL equally, as per the terms of the agreement mentioned in point (a) above.
- c) FDB entered into an agreement on 25 May 2018 with Mr. Shahid Rathore (Maritime Seafood), Mr. Abdul Sattar and Mr. Farhan Amed Pasha (the Partners), for a period of one year, to execute a project of shrimp fish farming. As mentioned in point (a) above that FDB may sublet the ponds to private sector entrepreneur, FDB has sublet the four ponds to the Partners. Under the terms of the agreement between the Partners and FDB, the Partners will bear all operational cost including site labor, foreign consultant salary, shrimp seed and feeds, fertilizer, medicine, diesel consumption for water pumping and FDB will provide infrastructure in working condition such as equipment including aerators, electrical and mechanical machinery. The income of the arrangement will be calculated after deducting from the sale proceeds all actual operating cost/expenses (invested as operational cost and agreed by FDB). 30% of the net income from the arrangement will be shared between FDB and RAFPL equally, as per the terms of the agreement mentioned in point (a) above.

2 SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

- a) During the year, the Company has recognized impairment loss amounting to Rs. 38,217,234 (refer to note 6.4).
- b) During the year, the Company received grant of Rs. 18,194,000 from the Ministry of National Food, Security and Research for implementation of its new project 'Establishment of Trout Cage Farming in Gilgit Baltistan area (TCF)'.
- c) During the year, the Company purchased items of property and equipment, and intangibles amounting to Rs.30,990,409 by utilizing grant funds (refer to note 14.2.1).
- d) During the year, various items of property and equipment having cost of Rs. 1,756,313 and accumulated depreciation Rs. 827,693 were written-off as these items were damaged and obsolete (refer to note 6 for details).
- e) During the year, the Company entered into two new agreements with Modern Aqua Culture (refer to note 1.1b) and Mr. Shahid Rathore and others (refer to note 1.1c).

On 01 January 2018, FDB obtained the NOC from Mr. Haroon Rasheed for a period of six years, whereby Mr. Haroon Rasheed granted permission to FDB for utilization of his property located at Hub river, district Lasbela, for passage access to site and construction of residence for staff for the purpose of establishing the pen fish farm.

- f) During the year, the Company incurred a deficit amounting to Rs. 18,133,211. In order to finance the operations of the Company, funds were made available through reduction in investment and bank balances.

3 STATEMENT OF COMPLIANCE

- 3.1 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
- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan 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 or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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- 3.2 The financial statements for current year has for the first time been prepared under the provisions of and directives issued under the Companies Act, 2017, which have resulted in the following changes in the current year financial statements, as compared to prior year financial statements prepared under the provisions of and directives issued under the Companies Ordinance, 1984:
- Changes in nomenclature of the primary financial statements; and
 - Disclosures by fifth schedule of the Companies Act, 2017, resulting in elimination of certain disclosures, previously prescribed under repealed Companies Ordinance 1984, and inclusion of significant additional disclosures, refer to notes 1, 2, 14.2.2, 22.1 and 25.1.

4 BASIS OF PREPARATION

These financial statements have been prepared under the 'historical cost convention'.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year of the revision in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

In the process of applying the Company's accounting policies management has made the following estimate and judgment which is significant to the financial statements:

Property and equipment (note 6)

The Company reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation on an annual basis. Further, where applicable, an estimate of the recoverable amount of assets is also made for possible impairment, on an annual basis. Any change in the estimates in the future might affect the carrying amount of the respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

5.2 Amendments in standards

The Company has adopted the following amendments in accounting standards which became effective for the current year:

- IAS 7 Statement of Cash Flows - Disclosure Initiative
- IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

In addition to the above amendments, improvements to the following accounting standard (under the annual improvements 2014 - 2016 cycle) has also been adopted:

- IFRS 12 Disclosure of Interest in Other Entities: Clarification of the Scope of Disclosure Requirements in IFRS 12

The adoption of the above amendments did not have any effect on the Company's financial statements, in the period of their initial application.

5.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following amendments with respect to the approved accounting and reporting standards, as applicable in Pakistan, would be effective from the dates mentioned below against the respective amendment / IFRIC and have not been adopted early by the Company:

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Standard and amendments	Effective date (annual periods beginning on or after)
IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendment)	01 January 2018
IFRS 10 IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint & Ventures - Investment Entities: Applying the Consolidation Exception IAS 28 (Amendment)	Not yet finalized
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IFRS 9 Financial Instruments: Classification and Measurement	01 July 2018
IFRS 15 Revenue from Contracts with Customers	01 July 2018
IFRS 16 Leases	01 January 2019
IAS 40 Investment Property (Amendments) - Clarifying transfers of property to, or from, Investment Property	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2019
IFRIC 23 Uncertainty over Income tax treatment	01 January 2019
IAS19 & IFRIC 14 Employee benefits - Remeasurement on a Plan Amendment, Curtailment or Settlement / Availability of a Refund from a Defined Benefit Plan (Amendments)	01 January 2019

The above amendments to the approved accounting and reporting standards and the new standards are not expected to have any material impact on the Company's financial statements in the period of their initial application, except for IFRS-16, for which management is assessing the financial impact.

In addition to the above new standards and amendments to standard and interpretations, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019, respectively. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB Effective date
IFRS 1 First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 14 Regulatory Deferral Accounts	01 January 2016
IFRS 17 Insurance Contracts	01 January 2021

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

5.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to the income and expenditure statement applying the straight-line method, whereby the cost of an asset is written-off over its estimated useful life. The rates of depreciation are stated in note 6 to the financial statements. Depreciation on additions is charged from the month of acquisition with no charge of depreciation in the month of deletion.

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(A company registered under section 42 of the Companies Act, 2017)

Useful lives are determined by the management based on the expected usage of assets, the expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change in accounting estimate.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income and expenditure statement in the year the asset is derecognized, and the related surplus on the revaluation is transferred directly to unrestricted funds.

Normal repairs and maintenance costs are charged to the income and expenditure statement as and when incurred.

5.4.1 Intangible asset

These are stated at cost less accumulated amortization and impairment, if any.

Amortization is provided for by applying the straight-line method. A full month's amortization is charged in the month of addition, and no amortization is charged in the month of disposal, to the income and expenditure statement.

The rate of amortization, which is disclosed in note 7, is designed to write-off the cost of intangibles over the estimated useful lives of these assets.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of intangible assets is the greater of fair value less costs to sell and value-in-use.

5.4.2 Capital Work-in-Progress

Capital Work-in-Progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made, in respect of operating fixed assets and intangible assets, in the course of their acquisition, construction and installation.

5.5 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the Company's balances of cash in hand, cash at banks and other short-term financial assets, which are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

5.6 Short-term investments

Investments in securities with fixed maturities, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity, and carried at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the Effective Interest Rate method, of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the Effective Interest Rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in the income and expenditure statement when the investments are derecognized or impaired, as well as through the amortization process.

5.7 Financial Instruments

All financial assets and financial liabilities are recognized at the time 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 expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to the income and expenditure account immediately.

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5.8 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position, if the Company has a legally enforceable right to set-off the recognized amounts, and intends either to settle these on a net basis, or to realize the assets and settle the liabilities, simultaneously.

5.9 Foreign currency transactions

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Foreign currency transactions, during the year, are recorded at the exchange rates approximating those ruling on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange, which approximate those prevailing on the reporting date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair values in a foreign currency, are translated using the exchange rates prevailing at the dates when the fair values were determined.

5.10 Trade and other payables

Liabilities for trade and other payables are carried at their amortized cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

5.11 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

5.12 Impairment**Financial assets**

A 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 the asset.

Non-financial assets

The carrying values of non-financial assets are assessed at each reporting date, to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the non-financial assets is estimated. An impairment loss is recognized as an expense in the income and expenditure statement, for the amount by which the non-financial asset's carrying value exceeds its recoverable amount.

5.13 Grant Income

Grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants against operating activities

Grants of a non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the income and expenditure statement on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Grants against purchase of fixed assets

Grants received for the purchase of fixed assets, are initially recorded as deferred income upon receipt. Subsequently, these are recognized in the income and expenditure statement, on a systematic basis, over the periods and in the proportions in which depreciation expense on those assets is recognised.

5.14 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any. The Company has a Free Tax Number. Being a non-profit organization (NPO), the Company is of considered opinion that it meets the criteria of a non-profit organization as defined in the Income Tax Ordinance, 2001 (ITO) and accordingly, management considers that a 100% tax credit under section 100C of the ITO is available to Company in respect of its incomes specified in the said section. Hence, no provision for current tax has been made in these financial statements. However, the management intends to apply for the registration as a "non-profit organization" under section 2(36) of the ITO.

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5.15 Fair value measurement

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. The fair value measurement is based

- i) In the principal market for the asset or liability; or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Chief Financial Officer determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External values may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

The Company does not measure any of its assets or liabilities at fair value.

5.16 Transactions with Joint Operations

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing the control. Under IFRS 11, investment in joint arrangements are classified as either joint operations or joint ventures depending on the contractual right and obligations of the parties to the arrangement. The Company has assessed the nature of its joint arrangements mentioned in note 1.1, and determined them to be joint operations.

The Company has contractual arrangements in the joint operations, mentioned in note 1.1, with other partners to engage in joint activities, where all significant matters of operating and financial policies are determined by the partners, such that the Company itself has no significant independence to pursue its own commercial strategy. The financial statements of the Company include its assets (which is 100%), share of revenues and expenses in such joint operations which is pro rata to Company's interest in the joint operations as disclosed in note 1.1.

5.17 Unrestricted fund**(a) Accumulated surplus**

This represents surplus generated from the Company's operations, and is available for utilization for the day to day operations of the Company.

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6 PROPERTY AND EQUIPMENT

	COST			ACCUMULATED DEPRECIATION / IMPAIRMENT			WRITTEN DOWN VALUE			
	As at 01 July 2017	Additions	As at 30 June 2018	Rate	As at 01 July, 2017	Charge for the year	Impairment (note 6.4)	Write-off	As at 30 June 2018	As at 30 June 2018
Note	Pak Rupees									
	%									
2018										
6.1	26,958,407	-	26,958,407	20	9,882,076	5,426,793	11,119,191	-	26,428,060	530,347
	2,720,772	680,186	3,066,191	10	1,070,966	312,049	914,402	(92,378)	2,205,039	861,152
	5,673,642	5,676,309	11,268,517	15	3,421,491	905,816	5,192,095	(33,213)	9,486,189	1,782,328
	3,121,261	2,794,372	5,915,633	10	1,995,615	369,675	-	-	2,365,290	3,550,343
	42,647,244	11,106,409 *	52,413,541	20	13,435,886	8,969,245	20,991,546	(702,102)	42,694,575	9,718,966
	-	10,375,853	10,375,853	20	-	313,053	-	-	313,053	10,062,800
	81,121,326	30,633,129	109,998,142		29,806,034	16,296,631	38,217,234	(827,693)	83,492,206	26,505,936

	COST			ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE			
	As at 01 July 2016	Additions	As at 30 June 2017	Rate	As at 01 July, 2016	Charge for the year	Impairment (note 6.4)	On deletions	As at 30 June 2017	As at 30 June 2017
Note	Pak Rupees									
	%									
2017										
6.1	22,945,596	4,012,811	26,958,407	20	4,589,119	5,292,957	-	-	9,882,076	17,076,331
	2,563,113	157,659	2,720,772	10	805,580	265,386	-	-	1,070,966	1,649,806
	4,518,870	1,154,772	5,673,642	15	2,586,459	835,032	-	-	3,421,491	2,252,151
	3,104,661	16,600	3,121,261	10	1,683,489	312,126	-	-	1,995,615	1,125,646
	28,673,500	13,973,744	42,647,244	20	5,819,060	7,616,826	-	-	13,435,886	29,211,358
	61,805,740	19,315,586	81,121,326		15,483,707	14,322,327	-	-	29,806,034	51,315,292

* Additions during the year under the category 'Scientific and other equipment' includes equipments purchased for the project 'Establishment of Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh' amounting to Rs. 8,207,064.

6.1 This represented expenditure incurred on civil works and acquisition of equipment, to be installed on shrimp farms in Karachi. The Company has entered into a joint arrangement with Reliance Aqua Farm (Private) Limited (RAFL) dated 6 March, 2015, to undertake shrimp farming project on a profit sharing basis. The Company is required to contribute capital in the form of equipment, installation costs, supply of fish feed, cost of repair of ponds and other operational expenditure, during the first year of operation at RAFL's existing shrimp farm in Karachi. RAFL will contribute the existing infrastructure at its shrimp farm, and will bear operating costs from the second year of the farm's operations. The joint arrangement agreement is for a period of five years extendable with mutual consent. If the arrangement is terminated by RAFL within five years, the Company is entitled to the return of its equipment.

During the current year, an impairment loss of Rs. 38.27 million has been recorded in respect of Shrimp fish farming project (refer to note 6.4). As at 30 June 2018, the net book value (after impairment) of Shrimp fish farming project assets under the categories of Fish farming properties, Furniture and fixtures, Office equipment, and Scientific and other equipment amounts to Rs. 564,337, Rs. 46,409, Rs. 263,516 and Rs. 1,065,392, respectively.

6.2 This represented expenditure incurred on purchases of cages, to be used in Trout Cage Farming project in Gilgit Baltistan area.

6.3 The depreciation expense is charged to administrative expenses (note 22).

6.4 The management of the Company has identified Shrimp fish farming project as a Cash Generating Unit (CGU). This represents a group of assets for the execution of "Shrimp Farming Cluster Development to enhance supply of raw material for sea food industry of Pakistan" project of the Company. The identification of assets for the CGU has remained consistent from previous years. The management carries out impairment testing as required under IAS 36 - 'Impairment of Assets'.

(A company registered under section 42 of the Companies Act, 2017)

The management considers the net income generated from the CGU in previous years and the forecasted net income from the CGUs, amongst other factors, while reviewing for indicators of impairment. In respect of Shrimp fish farming CGU, the project generated net income during the first year only and incurred net loss in next two years. This triggered the impairment testing of Shrimp fish farming CGU. The recoverable amount has been determined using 'value-in-use' computations. In assessing the value-in-use, estimated future cash flows are discounted to their present values, using a pre-tax discount rate. The pre-tax discount rate reflects current market assessments of the time value of money. The pre-tax discount rate applied to the cash flow projections is 15%, determined with reference to current market situation. As a result of the above-stated factors, the Company has recorded an impairment loss of Rs. 38.217 million, which has been allocated in accordance with IAS-36.

The impairment loss has been recognized in income and expenditure statement under account head "Other Operating expense".

	Carrying value before impairment	Value-in-use	Impairment
Shrimp fish farming	40,156,888	1,939,654	38,217,234
7 INTANGIBLE ASSET		2018	2017
	Note	-----Pak Rupees-----	
Cost			
Balance as at 01 July		1,999,996	1,999,996
Additions during the year	7.1	357,280	-
		2,357,276	1,999,996
Accumulated amortization			
Balance as at 01 July		(249,999)	(49,999)
Charge for the year		(220,841)	(200,000)
		(470,840)	(249,999)
Balance as at 30 July		1,886,436	1,749,997
Amortization rate		10%	10%
7.1	This represents the SAP accounting software licenses purchased during the year, which is being amortized over a remaining period of useful life of SAP software (total useful life is ten years).		
8 INVENTORY		2018	2017
	Note	-----Pak Rupees-----	
Shrimp farm fertilizer	8.1	368,647	368,647
8.1	Movement during the year is as follows:		
Balance as at 01 July		368,647	3,118,647
Consumed during the year		-	(2,750,000)
Shrimp feed		-	(2,750,000)
		368,647	368,647
9 ADVANCES			
Considered good			
To employees against expenses		112,399	408,498
10 DEPOSITS AND SHORT-TERM PREPAYMENTS			
Security deposits		250,000	250,000
Prepayments	10.1	758,033	143,170
		1,008,033	393,170
10.1	This represents prepayments against the rent of buildings, SAP maintenance cost and medical insurance.		
11 OTHER RECEIVABLES		2018	2017
		-----Pak Rupees-----	
		458,152	304,740
11.1	This includes receivable from landlord of Head Office building amounting to Rs. 124,732 (2017: Rs. 83,740) in respect of electricity bills paid on his behalf and receivable from Mr. Ramazan amounting to Rs. 221,000 (2017: Rs. 221,000) in respect of Company's share in the sale of fish.		

FISHERIES DEVELOPMENT BOARD
(A company registered under section 42 of the Companies Act, 2017)

		2018	2017
		-----Pak Rupees-----	
12	SHORT-TERM INVESTMENTS		
	Held-to-maturity - at amortized cost		
	Cost	20,000,000	40,000,000
	Accrued interest	4,691	3,763
		<u>20,004,691</u>	<u>40,003,763</u>
	Shown as part of interest accrued	(4,691)	(3,763)
		<u>20,000,000</u>	<u>40,000,000</u>
12.1	This represents a TDR, placed with the National Bank of Pakistan, having a face value of Rs. 20 million (2017: Rs. 40 million). The TDR carries mark-up at the rate of 6.0% (2017: 5.75%) per annum, with a term of 6 month, maturing on 30 December 2018.		
		2018	2017
		-----Pak Rupees-----	
13	CASH AND BANK BALANCES		
	Cash in hand	-	20,034
	At banks in		
	- Current accounts	43,560,705	73,771,585
	- Savings accounts	13,193,915	12,593,004
		<u>56,754,620</u>	<u>86,364,589</u>
		<u>56,754,620</u>	<u>86,384,623</u>
13.1	These carry mark-up at the rates ranging from 4% to 6% (2017: 4.25% to 4.5%) per annum.		
14	DEFERRED GRANTS		
	Against purchase of fixed assets	28,396,135	53,069,052
	Against operating activities	57,087,262	85,980,012
		<u>85,483,397</u>	<u>139,049,064</u>
14.1	Against purchase of fixed assets		
	Balance as at 01 July	53,069,052	48,272,031
	Capital grants received during the year	30,990,409	19,319,348
	Recognized in income during the year		
	- Due to depreciation and amortization	(16,517,472)	(14,522,327)
	- Due to write-off of property and equipment	(928,620)	-
	- Due to impairment of property and equipment	(38,217,234)	-
		<u>(55,663,326)</u>	<u>(14,522,327)</u>
		<u>28,396,135</u>	<u>53,069,052</u>
14.2	Against operating activities		
	Balance as at 01 July	85,980,012	10,200,088
	Grant received during the year	18,194,000	135,911,851
	Grant lapsed during the year	(213,435)	-
	Grant recognised during the year - net		
	Amortization during the year	(16,096,116)	(40,816,342)
	Transferred to deferred capital grant	(30,990,409)	(19,315,585)
		<u>56,874,052</u>	<u>85,980,012</u>
	Transferred to grant receivable	213,210	-
		<u>57,087,262</u>	<u>85,980,012</u>

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14.2.1 Project wise movement in grants against operating activities is as follows:

Project Name	Opening Balance as at 01 July 2018						Closing balance break-up at 30 June		
	A	B	C	D	E	F=A+B+C+D+E	Grants receivable - gross	Unspent grants	Total unspent grants/ (grants receivable)
<i>Local sources:</i>									
Head Office (FDB Component)	680,482	-	-	-	(452,823)	227,659	-	227,659	227,659
Shrimp Farming Cluster Development to enhance supply of raw material for sea food industry of Pakistan (SCDP)	33,726,860	-	-	(6,040,161)	(7,375,479)	20,311,220	-	20,311,220	20,311,220
Human Resource Development through Research and Training in Fisheries Department (HRRT)	1,379,537	-	-	(198,975)	-	1,180,562	-	1,180,562	1,180,562
Promotion of Shrimp, Tilapia Polyculture in Pond Conditions (PSTPC)	193,133	-	-	-	-	193,133	-	193,133	193,133
Establishment of Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh	50,000,000	-	-	(4,208,589)	(10,616,723)	35,174,688	-	35,174,688	35,174,688
Establishment of Trout Cage Farming in Gilgit Baltistan area (TCF)	-	18,194,000	(213,435)	(5,648,391)	(12,545,384)	(213,210)	(213,210)	-	(213,210)
	<u>85,980,012</u>	<u>18,194,000</u>	<u>(213,435)</u>	<u>(16,096,116)</u>	<u>(30,990,409)</u>	<u>56,874,052</u>	<u>(213,210)</u>	<u>57,087,262</u>	<u>56,874,052</u>
	10,200,088	135,911,851	-	(40,816,342)	(19,315,585)	85,980,012	-	85,980,012	85,980,012
	<u>2017</u>								

14.2.2 As at 30 June 2018, grant receivable from Ministry of National Food Security and Research (the Ministry) amounting to Rs. 213,210 is not over due. During the year, the maximum balance of grant receivable from the Ministry, outstanding at the end of any month was Rs. 213,210.

	Note	2018 -----Pak Rupees-----	2017
15 ACCRUED AND OTHER LIABILITIES			
Accrued liabilities		840,267	544,391
Other liabilities			
Payable to suppliers		2,502,151	4,506,505
Withholding tax payable		28,265	23,491
		<u>2,530,416</u>	<u>4,529,996</u>
		<u>3,370,683</u>	<u>5,074,387</u>
16 CONTINGENCIES AND COMMITMENTS			
There are no contingencies and commitments as at the end of the current and prior year.			
		2018	2017
	Note	-----Pak Rupees-----	
17 GRANT INCOME			
Recognized against deferred grants for:			
Purchase of fixed assets	14.1	55,663,326	14,522,327
Operating activities	14.2	16,096,116	40,816,342
		<u>71,759,442</u>	<u>55,338,669</u>
18 OTHER OPERATING INCOME			
Income from financial assets			
Profit on investments and bank deposits	18.1	2,480,889	3,295,412
18.1	This amount represents interest earned on TDRs placed with National Bank of Pakistan and interest earned on the savings account.		
		2018	2017
	Note	-----Pak Rupees-----	
19 OTHER INCOME			
Final settlement of GIZ project		-	872,600
Income from poly culture project		-	323,000
Others		-	318,710
Tender income		38,928	13,003
		<u>38,928</u>	<u>1,527,313</u>
20 PROGRAMME EXPENSES - DIRECT COSTS			
Shrimp Farming Cluster Development to enhance supply of raw material for sea food industry of Pakistan	20.1	6,040,161	22,766,446
Human resource development through research and training in fisheries department	20.2	198,975	17,131,066
Promotion of shrimp tilapia poly-culture in pond conditions	20.3	-	918,830
Establishment of Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh	20.4	4,208,589	-
Establishment of Trout Cage Farming in Gilgit Baltistan area	20.5	5,648,391	-
		<u>16,096,116</u>	<u>40,816,342</u>

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(A company registered under section 42 of the Companies Act, 2017)

20.1 The break-up of expenses for shrimp farming cluster development, is as follows:

	2018	2017
	-----Pak Rupees-----	
Salaries and allowances	930,331	2,295,000
Daily wages	1,729,500	1,638,600
Utilities	268,998	328,910
Rent, rate and taxes	248,400	1,755,518
Vehicle running expenses	81,568	1,099,912
Consultancy charges	-	1,500,000
Printing and stationery	12,297	95,211
Repair and maintenance	1,665,380	5,068,853
Shrimp pond fertilizer	-	6,460,000
Postage, telegram and telephone	17,050	44,600
Travelling and boarding	189,462	285,938
Bank charges	4,073	47,815
Advertisement	193,836	97,893
Miscellaneous expenses	699,266	2,048,196
	<u>6,040,161</u>	<u>22,766,446</u>

20.2 The break-up of expenses for human resource development through research and training in fisheries department is as follows:

	2018	2017
	-----Pak Rupees-----	
Travelling and boarding	30,700	3,092,680
Printing and stationery	48,280	19,141
Trainings	37,901	13,982,717
Miscellaneous expenses	38,820	36,528
Bank charges	43,274	-
	<u>198,975</u>	<u>17,131,066</u>

20.3 The break-up of expenses for promotion of shrimp tilapia poly-culture in pond conditions, is as follows:

	2018	2017
	-----Pak Rupees-----	
Daily wages	-	30,400
Fish feed	-	520,739
Travelling and boarding	-	38,350
Vehicle running expenses	-	6,075
Repair and maintenance	-	600
Bank charges	-	2,083
Miscellaneous expenses	-	320,583
	<u>-</u>	<u>918,830</u>

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- 20.4 The break-up of expenses for Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh is as follows:

	2018	2017
Note	-----Pak Rupees-----	
Consultancy charges	446,750	-
Daily wages	326,400	-
Utilities	283,383	-
Rent, rate and taxes	761,760	-
Vehicle running expenses	1,151,684	-
Printing and stationery	173,128	-
Repair and maintenance	3,400	-
Fish feed and seed	170,684	-
Postage, telegram and telephone	66,858	-
Travelling and boarding	484,946	-
Bank charges	2,300	-
Advertisement	181,780	-
Miscellaneous expenses	155,516	-
	<u>4,208,589</u>	<u>-</u>

- 20.5 The break-up of expenses for Trout Cage Farming in Gilgit Baltistan area, is as follows:

	2018	2017
Note	-----Pak Rupees-----	
Allowances	250,880	-
Daily wages	163,720	-
Utilities	167,010	-
Vehicle rental	938,755	-
Rent, rate and taxes	160,000	-
Vehicle running expenses	261,535	-
Printing and stationery	276,275	-
Repair and maintenance	81,467	-
Fish feed and seed	1,808,486	-
Postage, telegram and telephone	22,990	-
Travelling and boarding	553,020	-
Uniforms and protective clothes	49,702	-
Advertisement	326,382	-
Miscellaneous expenses	588,169	-
	<u>5,648,391</u>	<u>-</u>

21 OTHER OPERATING EXPENSE

Impairment loss	6	38,217,234	-
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(A company registered under section 42 of the Companies Act, 2017)

	Note	2018 -----Pak Rupees-----	2017
22 ADMINISTRATIVE EXPENSES			
Salaries and allowances		12,140,883	10,920,059
Daily wages		641,640	740,200
Travelling and boarding		2,109,806	3,530,521
Legal and professional charges		1,023,357	526,600
Vehicle running expenses		524,508	676,433
Postage, telegram and telephone		147,642	111,185
Printing, postage and stationery		142,321	282,520
Utilities		962,920	842,027
Rent, rate and taxes		661,508	883,301
Fish feed		-	548,794
Auditor's remuneration	22.1	500,000	230,000
Depreciation	6.3	16,296,631	14,322,327
Amortization	7	220,841	200,000
Repair and maintenance		591,703	992,124
Medical Insurance		678,337	594,173
Advertisement		163,291	267,565
Transportation charges		-	299,817
Trainings		-	152,929
Bank charges		13,614	31,500
Write off of property and equipment		928,620	-
Miscellaneous expenses		351,498	271,235
		<u>38,099,120</u>	<u>36,423,310</u>
22.1 Auditors' remuneration against			
EY Ford Rhodes			
Audit of statutory financial statements		290,000	-
Review of statement of compliance with public sector corporate governance rules		140,000	-
Out of pocket expense		70,000	-
		<u>500,000</u>	<u>-</u>
RSM Avais Hyder Liaquat Nauman			
Audit fee of statutory financial statements		-	180,000
Review of statement of compliance with public sector corporate governance rules		-	50,000
		<u>-</u>	<u>230,000</u>

23 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise the Government of Pakistan (by virtue of nomination of all directors of the Company), directors and key management personnel. Transactions with related parties and amounts due from/(to) related parties are disclosed in the relevant notes to the financial statements. The remuneration of the Chief Executive Officer and Executives has been disclosed in note 25 to the financial statements. The Company in the normal course of business pays for electricity, gas and telephone (utility bills) to entities controlled by the Government of Pakistan, which are not material, and hence not disclosed in these financial statements. The Company has received the grant funds from the Ministry of National Food Security and Research (Government of Pakistan) against the project as mentioned in note 14.2.1 to the financial statements. During the current year, the Company purchased fish seeds amounting to Rs. 1,500,000 from the Fisheries Department Skardu, Government of Gilgit Baltistan.

24 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also 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 the 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 of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

24.1 Concentration of credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities.

The Company's credit risk is primarily attributable to its grant receivable against operating activities, security deposits, other receivables and, investments and balances with banks. The Company attempts to control credit risk by keeping track of its expenditure in respect of various projects and obtaining advance funding for project activity from the donor. The Company is not materially exposed to credit risk, as 99% of the Company's credit risk relates to the banks with high credit ratings.

The Company establishes an allowance for impairment that represents its estimates of incurred losses in respect of grants and other receivables.

24.2 Exposure to credit risk

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

	Note	2018 -----Pak Rupees-----	2017
Deposits	10	250,000	250,000
Grant receivable		213,210	-
Other receivables		458,152	304,740
Short-term investments	12	20,000,000	40,000,000
Bank balances	13	56,754,620	86,384,623
		<u>77,675,982</u>	<u>126,939,363</u>

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	Long-term rating	Short-term rating	Rating agency	Pak Rupees
Savings account				
Habib Bank Limited	AAA	A-1+	JCR-VIS	784,446
National Bank of Pakistan	AAA	A-1+	JCR-VIS	11,081,288
MCB bank Limited	AAA	A1+	PACRA	59,946
Askari Bank Limited	AA+	A1+	PACRA	1,268,235
Current account				
Habib Bank Limited	AAA	A-1+	JCR-VIS	193,134
National Bank of Pakistan	AAA	A-1+	JCR-VIS	43,367,571
Investment				
National Bank of Pakistan	AAA	A-1+	JCR-VIS	20,000,000
				<u>76,754,620</u>

24.3 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 managing liquidity risk is to ensure, as far as possible, that it will always have sufficient funds 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 ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2018	2017
	----- Pak Rupees -----	
Accrued and other liabilities		
Within one year	3,342,418	5,074,387
Between one and five years	-	-
	<u>3,342,418</u>	<u>5,074,387</u>

24.4 Market risk

Market risk is the risk that results from changes in market prices such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures with in acceptable parameters, while optimizing returns.

24.4.1 Interest rate risk

The interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Majority of the interest rate exposure arises from bank deposit account. At the reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2018	2017
	-----Pak Rupees-----	
Fixed rate instruments		
Short-term investments	<u>20,000,000</u>	<u>40,000,000</u>
Variable rate instruments		
Bank balance - saving account	<u>13,193,915</u>	<u>12,593,004</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates through out the year would have increased/(decreased) the surplus by the following amounts, assuming that all other variables remain constant.

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