

**FISHERIES DEVELOPMENT BOARD
AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2009**

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the annexed balance sheet of Fisheries Development Board ("the Company") as at June 30, 2009 and the related income and expenditure account, cash flow statement and statement of changes in accumulated surplus together with the notes forming part thereof (herein after referred to as financial statements) for the year then ended.

It is the responsibility of the Company's management to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatements. An audit includes examining on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that:

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fisheries Development Board as at June 30, 2009 and of the income and expenditure account for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.



Chartered Accountants

Audit Engagement Partner: Mohammed Saleem

Dated: **10 OCT 2009**
Islamabad

**FISHERIES DEVELOPMENT BOARD
BALANCE SHEET
AS AT JUNE 30, 2009**

	Note	2009 (Rupees)	2008
NON CURRENT ASSETS			
Property, plant and equipment	4	52,178,660	17,000,000
CURRENT ASSETS			
Advances, deposits and prepayments	5	2,174,630	-
Investments - Held to maturity	6	22,213,470	-
Cash and bank balances	7	42,543,015	48,673,554
		66,931,115	48,673,554
		<u>119,109,775</u>	<u>48,673,554</u>
EQUITY AND LIABILITIES			
Accumulated surplus		6,681,570	311,000
NON CURRENT LIABILITIES			
Deferred grants	8	110,942,193	64,871,183
CURRENT LIABILITIES			
Trade and other payables	9	1,486,012	491,371
		<u>119,109,775</u>	<u>65,673,554</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

Mujawar

Mujawar
CHAIRMAN

Mujawar
CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009	From August 2007 to June 30, 2008
(Rupees)			
INCOME			
Grant Income	8	14,181,743	1,611,817
Income on bank deposits		<u>6,370,570</u>	<u>311,000</u>
		20,552,313	1,922,817
EXPENDITURE			
Expenditure	10	(14,181,743)	(1,611,817)
Surplus for the year / period		<u><u>6,370,570</u></u>	<u><u>311,000</u></u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

M. J. Khan

M. J. Khan
CHAIRMAN

M. J. Khan
CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009**

	Note	2009	From August 2007 to June 30, 2008
(Rupees)			
Cash flows from operating activities			
Surplus for the year / period		6,370,570	311,000
Adjustments for:			
Income on bank deposits		(6,370,570)	(311,000)
Depreciation		278,401	-
		<u>278,401</u>	<u>-</u>
Working capital changes:			
Increase in advances, deposits and prepayments		(2,174,630)	-
Increase in trade and other payables		994,641	491,371
		<u>(1,179,989)</u>	<u>491,371</u>
Net cash (used in) / generated from operating activities		<u>(901,588)</u>	<u>491,371</u>
Cash flows from investing activities			
Income received on bank deposits		6,370,570	311,000
Purchase of property, plant and equipment		(35,457,061)	(17,000,000)
Purchase of investment - held to maturity		(22,213,470)	-
Net cash used in investing activities		<u>(51,299,961)</u>	<u>(16,689,000)</u>
Cash flows from financing activities			
Deferred grants - net		46,071,010	64,871,183
Net cash from financing activities		<u>46,071,010</u>	<u>64,871,183</u>
Net increase / decrease in cash and cash equivalents		(6,130,539)	48,673,554
Cash and cash equivalents at beginning of year / period	7	48,673,554	-
Cash and cash equivalents at end of year / period		<u>42,543,015</u>	<u>48,673,554</u>

The annexed notes from 1 to 13 form an integral part of these financial statements.

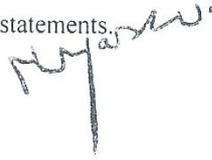

CHAIRMAN


CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED JUNE 30, 2009**

	Rupees
Balance at August 2, 2007	-
Surplus for the period	311,000
Balance at June 30, 2008	<u>311,000</u>
Surplus for the year	6,370,570
Balance at June 30, 2009	<u><u>6,681,570</u></u>

The annexed notes from 1 to 13 form an integral part of these financial statements.



CHAIRMAN



CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

1 STATUS AND NATURE OF BUSINESS

Fisheries Development Board ("the Company") was incorporated in Pakistan as a Guarantee Limited Company on August 02, 2007 and is registered under section 42 of the Companies Ordinance, 1984 as a non profit organization. The membership structure of the Company consist of 6 members from public sector and 9 members from private sector.

The Company has been set up to provide and maintain a platform for enhancing and promoting fisheries sector in Pakistan, where the participants, professionals and intermediaries may discuss issues of common interest, identify new solutions that enhance the efficiency of that sector, initiate development program, promote regional and global integration and to undertake activities in Pakistan and / or abroad for any or all of the purposes for which the company has been established.

The Aquaculture and shrimp Farming Project is sponsored by Ministry of Food, Agricultural and Livestock (MINFAL). The project will be executed largely through Fisheries Development Board (FDB). However, the following will also be its executing authorities:

- Ministry of Food, Agricultural and Livestock (MINFAL)
 - Fisheries Management Wing (FMW)
 - Marine Fisheries Department (MFD)
 - Pakistan Agricultural Research Council (PARC)
- Line department of provinces and Special Areas
- Private sector / NGOs

2 STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions or directives of the Companies ordinance, 1984 shall prevail.

2.2 Significant estimates

The preparation of financial statements in conformity with Accounting and Financial Reporting Standard for Medium Sized Entities (MSEs) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making 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 estimates are revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects current period and future periods.

Judgments made by the management in the application of IFRS's that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraph.

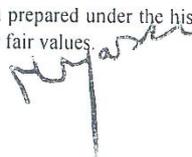
2.2.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates might affect the carrying amounts of the respective items of property plant and equipment with a corresponding effect on the depreciation charge and impairment losses, if any.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation and accounting convention

These financial statements have been prepared under the historical cost convention and accrual basis of accounting except in investment held to maturity are measured at their fair values.



3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any, except capital work in progress which is stated at cost less impairment loss, if any.

Depreciation/amortization is charged to income commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of item can be measured reliably. Carrying amount of the replaced asset is derecognized. All other repair and maintenance is charged to income during the year. The gain or loss on disposal or retirement of assets represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks.

3.4 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. Reversal of impairment loss is recognised as income.

3.5 Investments - held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held to maturity investments are initially recognised at cost inclusive of transaction cost and are subsequently carried at amortized cost using effective interest rate method less impairment loss, if any. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount. Gains and losses are recognised in the profit and loss account when the investments are de-recognised or impaired, as well as through the amortization process.

Derecognition

All investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.6 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability, simultaneously.

3.7 Trade and other payables

These liabilities are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed to the Company or not.

3.8 Provisions

Provisions are recognized when the Company has present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation and reliable estimates can be made of the amount of obligation.

Max

3.9 Income recognition

Grants received are deferred and recognised as income over the periods necessary to match them with the related costs they are intended to compensate. Grants utilized for property, plant and equipment are deferred and recognised as income equivalent to depreciate charge of the related assets.

Income on bank deposits is recognised using the effective yield method.

3.10 Taxation

The Company being a non-profit organization is exempt from income tax under the Second Schedule to the Income Tax Ordinance, 2001.

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4 PROPERTY, PLANT AND EQUIPMENT

	FDB			Cage				Technical Backstopping	Contingencies	Office Equipment	CWIP		Total
	Furniture and Fixture	Office Equipment	Vehicles	Furniture and Fixture	Machinery and Equipment	Office Equipment	Office Equipment	Furniture and Fixture	Office Equipment	Hatchery	Strimp		

(Rupees)

Cost													
Balance as at July 01, 2007	-	-	-	-	-	-	-	-	-	-	-	-	17,000,000
Additions	-	-	-	-	-	-	-	-	-	-	-	-	17,000,000
Balance as at June 30, 2008	-	-	-	-	-	-	-	-	-	-	-	-	17,000,000
Balance as at July 01, 2008	197,822	409,840	133,000	166,186	9,952,914	11,368	435,696	394,811	181,424	18,914,000	4,660,000	-	17,000,000
Additions	197,822	409,840	133,000	166,186	9,952,914	11,368	435,696	394,811	181,424	18,914,000	4,660,000	-	35,457,061
Balance as at June 30, 2009	-	-	-	-	-	-	-	-	-	-	-	-	52,457,061
Balance as at July 01, 2008	2,542	41,707	4,810	4,910	121,558	600	50,732	22,498	29,044	-	-	-	278,401
Charge for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at June 30, 2009	2,542	41,707	4,810	4,910	121,558	600	50,732	22,498	29,044	-	-	-	278,401
Carrying value - 2008	-	-	-	-	-	-	-	-	-	-	-	-	17,000,000
Carrying value - 2009	195,280	368,133	128,190	161,276	9,831,356	10,768	384,964	372,313	152,380	35,914,000	4,660,000	-	52,178,660
Depreciation rate per annum	10%	25%	10%	10%	10%	25%	25%	10%	25%				

4.1 Depreciation charge for the year has been allocated as follows:

Note	2009	2008
FDB	49,059	-
Cage	127,068	-
Technical Backstopping	50,732	-
Contingencies	51,542	-
	278,401	-

M. Manjunath

*Tax per excel sheet
* Added in SAP.*

4.2 Capital Work in Progress	Note	2009	2008
		(Rupees)	
Renovation of existing hatchery at Hawks bay, Karachi		16,892,464	
Construction of new hatchery at D.I Khan		8,750,000	-
Construction of shrimp office at Panwan (Gawadar)		4,660,000	-
Advances to Pak PWD	4.2.1	<u>10,271,536</u>	<u>17,000,000</u>
		<u>40,574,000</u>	<u>17,000,000</u>
4.2.1 Advances to Pak PWD			
Renovation of existing hatchery at Hawks bay, Karachi		10,271,536	14,000,000
Construction of new hatchery at D.I Khan		-	3,000,000
		<u>10,271,536</u>	<u>17,000,000</u>
5 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances to Employees		909,755	-
Security deposits		567,500	-
Prepayments		697,375	-
		<u>2,174,630</u>	<u>-</u>

6 INVESTMENT - Held to Maturity

This represents one Term Deposit Receipt (TDR) having face value Rs. 21.926 million (2008: NIL) of one year maturity and interest to be received on monthly basis. This investments will mature on February 06, 2010. This investment carries effective markup rate of 15.95% (2008:NIL) per annum.

7 CASH AND BANK BALANCES	Note	2009	2008
		(Rupees)	
Cash and bank			
Saving account			
National Investment Bank		1,169,305	20,311,000
SILK bank		40,297,936	-
	7.1	<u>41,467,241</u>	<u>20,311,000</u>
Current account		1,020,529	28,353,015
		<u>42,487,770</u>	<u>48,664,015</u>
Cash in hand			
		55,245	9,539
		<u>42,543,015</u>	<u>48,673,554</u>

7.1 Effective mark-up rate on deposit accounts prevailing during the year was 10% per annum. (2008: Nil)

8 DEFERRED GRANTS

	Aquaculture and Shrimp Farming Project			
	Opening balance	Grant received	Utilized during the year	Closing balance
----- Rupees -----				
Hatchery Component	13,000,000	19,029,000	(131,939)	31,897,061
FDB	28,145,758	21,937,753	(10,072,333)	40,011,178
Model shrimp / fish farm component	12,000,000	4,660,000	-	16,660,000
Model cage culture component	5,000,000	10,130,000	(575,764)	14,554,236
Technical backstopping and strengthening training capabilities	3,000,000	1,296,000	(1,347,442)	2,948,558
Contingencies	3,725,425	3,200,000	(2,054,265)	4,871,160
Total	<u>64,871,183</u>	<u>60,252,753</u>	<u>(14,181,743)</u>	<u>110,942,193</u>

Note 8.1

8.1	Deferred grants	Note	2009	2008
			(Rupees)	
	Grant related to asset		52,178,660	17,000,000
	Grant related to income		58,763,533	47,871,183
		8.2	<u>110,942,193</u>	<u>64,871,183</u>

8.2 Deferred grants related to assets and income

	Related to assets		Related to Income	
	2009	2008	2009	2008
	(Rupees)		(Rupees)	
Opening balane	17,000,000	-	47,871,183	-
Grant received	35,457,061	17,000,000	24,795,692	49,483,000
Amortization / Depreciation	(278,401)	-	(13,903,342)	(1,611,817)
Closing balance	<u>52,178,660</u>	<u>17,000,000</u>	<u>58,763,533</u>	<u>47,871,183</u>

9 TRADE AND OTHER PAYABLES

	Note	2009	2008
		(Rupees)	
Payable to employees		284,158	271,745
Accrued expenses		502,392	218,548
Income tax withheld	9.1	699,462	1,078
		<u>1,486,012</u>	<u>491,371</u>

9.1 Income tax withheld

GST withheld	282,672	-
Income tax	416,790	1,078
	<u>699,462</u>	<u>1,078</u>

From August
2007 to June 30,

10 EXPENDITURE

		2009	2008
		(Rupees)	
FDB component	10.1	10,072,333	854,242
Hatchery Component	10.2	131,939	-
Model cage Culture	10.3	575,764	-
Contingencies	10.4	2,054,265	757,575
Technical backstopping	10.5	1,347,442	-
		<u>14,181,743</u>	<u>1,611,817</u>

10.1 FDB component

Salaries and allowances	4,020,126	669,031	
Travel and boarding	4,079,546	63,361	
Legal and professional charges	370,612	55,850	
Vehicle running expenses	90,544	-	
Postage telegram and telephone	82,021	-	
Printing and stationery	26,982	-	
Utilities	26,741	-	
Rent, rate and taxes	919,000	-	
Advertisements	161,158	-	
Entertainment	77,690	-	
Depreciation	49,059	-	
Repair and Maintenance	36,269	-	
Bank charges	6,085	-	
Audit fee	126,500	66,000	
	10.6	<u>10,072,333</u>	<u>854,242</u>

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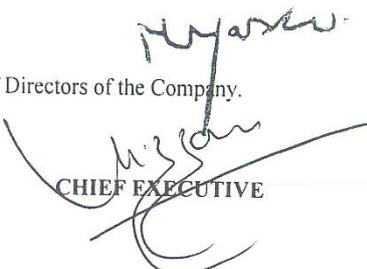
	2009	From August 2007 to June 30, 2008
	(Rupees)	
10.2 Hatchery Component		
Daily wages	124,000	-
Postage telegram and telephone	3,810	-
Miscellaneous	4,129	-
	<u>131,939</u>	<u>-</u>
10.3 Model cage Culture		
Daily wages	29,800	-
Travel and boarding	43,765	-
Vehicle running expenses	16,580	-
Postage and telegram	9,630	-
Fish Feeds	35,132	-
Advertisement	247,350	-
Depreciation	127,068	-
Repair and Maintenance	1,995	-
Utilities	4,444	-
Rent, rate and taxes	60,000	-
	<u>575,764</u>	<u>-</u>
10.4 Contingencies		
Refurbishment of building	-	125,976
Travel and boarding	30,380	366,944
Vehicle running expenses	383,605	86,198
Postage and telegram	24,063	848
Printing and stationery	307,466	68,203
Utilities	136,252	109,406
Entertainment	262,920	-
Repair and Maintenance	493,296	-
Depreciation	51,542	-
Miscellaneous	364,741	-
	<u>2,054,265</u>	<u>757,575</u>
10.5 Technical Backstopping		
Travel and boarding	219,275	-
Printing and stationery	15,500	-
Depriciation	50,732	-
Training and development	1,061,935	-
	<u>1,347,442</u>	<u>-</u>
10.6 Audit fee		
Audit fee	115,000	60,000
Out of pocket expenses	11,500	6,000
	<u>126,500</u>	<u>66,000</u>
11 REMUNERATION OF EXECUTIVES		
Chief Executive Officer	1,200,000	596,773
	<u>1,200,000</u>	<u>596,773</u>
12 GENERAL		

All amounts are rounded off to the nearest Pak Rupee.

13 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 10 OCT 2009 by the Board of Directors of the Company.


CHAIRMAN


CHIEF EXECUTIVE