

**FISHERIES DEVELOPMENT BOARD
AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2010**

AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the annexed balance sheet of Fisheries Development Board ("the Company") as at June 30, 2010 and the related income and expenditure account, cash flow statement and statement of changes in accumulated surplus together with the notes forming part thereof (here-in-after referred to as the 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 material misstatement. 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 used 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.

In our opinion the financial statements present fairly, in all material respects the financial position of the Fisheries Development Board as at June 30, 2010 and of its surplus and cash flow for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.



Chartered Accountants

Audit Engagement Partner: Mohammad Saleem

Date: **30 NOV 2010**
Islamabad

**FISHERIES DEVELOPMENT BOARD
BALANCE SHEET
AS AT JUNE 30, 2010**

	Note	2010	(Restated) 2009 (Rupees)
NON CURRENT ASSETS			
Property, plant and equipment	5	2,210,485	1,601,260
CURRENT ASSETS			
Investments - held to maturity	6	80,014,493	22,213,470
Advances, deposits and prepayments	7	887,573	2,174,630
Other receivables	8	128,700	-
Cash and bank balances	9	16,587,086	42,543,015
		97,617,852	66,931,115
		99,828,337	68,532,375
EQUITY AND LIABILITIES			
Accumulated surplus		15,216,456	6,681,570
NON CURRENT LIABILITIES			
Deferred grants	10	83,863,697	60,364,793
CURRENT LIABILITIES			
Trade and other payables	11	748,184	1,486,012
		99,828,337	68,532,375
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 17 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	2010	(Restated) 2009
		(Rupees)	
INCOME			
Grant income	10	30,114,913	14,054,675
Other income		8,534,886	6,370,570
		<u>38,649,799</u>	<u>20,425,245</u>
EXPENDITURE			
Expenditure	13	(30,114,913)	(14,054,675)
Surplus for the year		<u>8,534,886</u>	<u>6,370,570</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

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CHAIRMAN


CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	Note	2010	(Restated) 2009
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		8,534,886	6,370,570
Adjustments for:			
Income from investments		(8,534,886)	(6,370,570)
Depreciation		293,784	151,333
		<u>293,784</u>	<u>151,333</u>
Working capital changes:			
(Increase)/decrease in current assets:			
Advances, deposits and prepayments		1,287,057	(2,174,630)
Other receivables		(128,700)	-
(Increase)/decrease in trade and other payables		(737,827)	994,641
Net cash generated from/(used in) from operating activities		<u>714,314</u>	<u>(1,028,656)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Income received on bank deposits		8,822,326	6,083,129
Purchase of property, plant and equipment		(903,009)	(35,457,061)
Purchase of investments - held to maturity		-	(21,926,029)
Proceeds on maturity of investment		21,926,029	-
Net cash used in investing activities		<u>29,845,346</u>	<u>(51,299,961)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Deferred grants		23,498,904	46,198,078
Net cash from financing activities		<u>23,498,904</u>	<u>46,198,078</u>
Net increase/ decrease in cash and cash equivalents		54,058,564	(6,130,539)
Cash and cash equivalents at beginning of year		42,543,015	48,673,554
Cash and cash equivalents at end of year	14	<u>96,601,579</u>	<u>42,543,015</u>

The annexed notes 1 to 17 form an integral part of these financial statements.

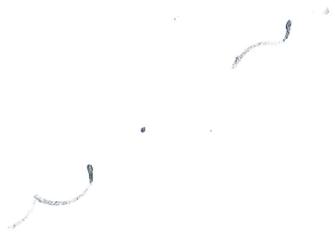
CHAIRMAN

CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
FOR THE YEAR ENDED JUNE 30, 2010**

	(Rupees)
Balance as at June 30, 2008	311,000
Surplus for the year	6,370,570
Balance as at June 30, 2009	<u>6,681,570</u>
Surplus for the year	8,534,886
Balance as at June 30, 2010	<u><u>15,216,456</u></u>

The annexed notes 1 to 17 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, 2010**

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 six members from public sector and nine 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 Livestock and Dairy Development(MOLDD). The project will be executed largely through Fisheries Development Board (FDB). However, the following will also be its executing authorities:

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards are comprised of Accounting and Financial Reporting Standards for Small Sized Entities (SSEs) 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 Basis of measurement

The financial statements have been prepared on the historical cost 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.

2.3 Functional and presentation currency

The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2.4 Significant estimates

The preparation of financial statements in conformity with Accounting and Financial Reporting Standards for Small Sized Entities (SSEs) 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.

2.4.1 Property, plant and equipment

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



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

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

Depreciation is charged to income and expenditure account applying the straight line method over estimated useful life of the assets at the rates specified in the note 5 to the financial statements. Full month's depreciation is charged on additions, while no depreciation is charged in the month of disposal of the assets.

In respect of additions and disposals during the year, depreciation is charged when the asset is available for use and up to the month preceding the asset's classification as held for sale or derecognition, whichever is earlier, respectively.

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 item can be measured reliably. Carrying amount of the replaced asset is derecognized. All other repair and maintenance costs are charged to the 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 recognized as an income or expense.

All expenditure connected with the specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific assets as and when available for use.

3.2 Impairment

The Company assesses at each balance sheet date whether there is any indication that 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 recognized in income and expenditure 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 recognized for the asset in prior years. Reversal of impairment loss is recognized as income.

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 comprise cash in hand, balances with banks and highly liquid short term investments which are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition.

3.4 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 recognized 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 recognized in the income and expenditure account when the investments are de-recognized or impaired, as well as through the amortization process.

All investments are derecognized 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.

3.5 Off-setting

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

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3.6 Trade and other payables

Liabilities for trade and other payables are measured 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.

3.7 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 a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.8 Grant Income

Grants received are deferred and recognized 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 recognized as income equivalent to depreciation charge of the related assets.

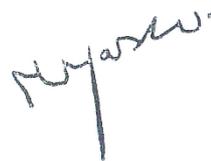
Income on bank deposits is recognized using the effective yield method.

3.9 Taxation

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

4 PRIOR PERIOD ERRORS

In prior years, assets costing Rs. 50,704,468 pertaining to the 'Model Cage Culture' and 'Capital Work In Progress' owned by Project "A&SF"(the Donor) were wrongly recognized in financial statements of FDB in year 2008 and 2009. In current year the Company has derecognized the effect of Property, Plant and Equipment in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". This error has been corrected by restating the opening balances of Property, Plant and Equipment and Deferred Grants related to assets for the year ended June 30, 2009. Respective depreciation has also been adjusted against the grant related to assets. No adjustment is required in accumulative surplus.



5 PROPERTY, PLANT AND EQUIPMENT

	FDB			Cage			Technical Backstopping			Contingencies			CWIP		Total	
	Furniture and Fixture	Office Equipment	Vehicles	Furniture and Fixture	Machinery and Equipment	Office Equipment	Office Equipment	Office Equipment	Vehicles	Furniture and Fixture	Office Equipment	Hatchery	Shrimp			
Cost																
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	17,000,000				17,000,000		
Additions																
Balance as at June 30, 2009	197,822	409,840	133,000	166,186	9,952,914	11,368	435,696	394,811	181,424	35,914,000				35,914,000		
Prior year adjustment				(166,186)	(9,952,914)	(11,368)				(4,660,000)				(50,704,468)		
Balance as at June 30, 2009 - Restated	197,822	409,840	133,000	-	-	-	435,696	394,811	181,424	-	-	-	-	1,752,593		
Balance as at July 01, 2009	197,822	409,840	133,000	-	-	-	435,696	394,811	181,424	-	-	-	-	1,752,593		
Additions	134,972	634,037								134,000				903,009		
Balance as at June 30, 2010	332,794	1,043,877	133,000	-	-	-	435,696	394,811	181,424	-	-	-	-	2,655,602		
Depreciation																
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	2,542	41,707	4,810	4,910	121,558	600	50,732	22,498	29,044	-	-	-	-	278,401		
Balance as at June 30, 2009	-	-	-	(4,910)	(121,558)	(600)	-	-	-	-	-	-	-	(127,068)		
Prior year adjustment																
Balance as at June 30, 2009 - Restated	2,542	41,707	4,810	-	-	-	50,732	22,498	29,044	-	-	-	-	151,333		
Balance as at July 01, 2009	2,542	41,707	4,810	-	-	-	50,732	22,498	29,044	-	-	-	-	151,333		
Charge for the year	23,028	86,134	13,300	-	-	-	65,354	39,481	61,476	-	-	-	-	293,784		
Balance as at June 30, 2010	25,570	127,841	18,110	-	-	-	116,086	61,979	90,520	-	-	-	-	445,117		
Carrying value - 2009 - Restated	195,280	368,133	128,190	-	-	-	384,964	372,313	152,380	-	-	-	-	1,601,260		
Carrying value - 2010	307,224	916,036	114,890	-	-	-	319,610	128,989	332,832	90,904	-	-	-	2,210,485		
Depreciation rate per annum	10%	15%	10%	10%	10%	15%	15%	10%	10%	15%	10%	10%	15%			

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

Note	(Restated)	
	2010	2009
	(Rupees)	
13.1	122,462	49,059
13.4	100,957	51,542
13.5	70,365	50,732
	<u>293,784</u>	<u>151,333</u>

FDB
Contingencies
Technical Backstopping

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	Note	2010	2009
6 INVESTMENT - Held to maturity		(Rupees)	
NIB Bank	6.1	-	22,213,470
National Bank of Pakistan	6.2	80,014,493	-
		<u>80,014,493</u>	<u>22,213,470</u>

6.1 This represented one Term Deposit Receipt (TDR) having face value Rs. 21.926 million (2009: Rs. 21.926 million) of one year maturity. This investment had matured on Feb 6, 2010. This investment carried effective markup rate of 15.95% (2009: 15.95%) per annum.

6.2 This represents Term Deposit Receipts (TDRs) having face value Rs. 61.684 million and Rs. 16.109 million (2009: Rs. NIL) of three months maturity. These investment will be matured on August 17, 2010 and August 18, 2010 respectively. This investment carried effective markup rate of 11% (2009: Nil) per annum.

		2010	2009
7 ADVANCES, DEPOSITS AND PREPAYMENTS		(Rupees)	
Advances to employees		-	909,755
Other advances		10,556	-
Security deposits		567,500	567,500
Prepayments		309,517	697,375
		<u>887,573</u>	<u>2,174,630</u>

8 OTHER RECEIVABLES

This represents the amount receivable from Project Aqua culture and shrimp farming (Project A&SF).

	Note	2010	2009
9 CASH AND BANK BALANCES		(Rupees)	
Cash at bank			
Saving account			
National Investment Bank		-	1,169,305
SILK bank		-	40,297,936
Current account	9.1	-	41,467,241
		<u>16,579,822</u>	<u>1,020,529</u>
		16,579,822	42,487,770
Cash in hand		7,264	55,245
		<u>16,587,086</u>	<u>42,543,015</u>

9.1 Effective markup rate on deposit accounts prevailing during the year was 11% per annum (2009: 10%).

10 DEFERRED GRANTS

Aquaculture and Shrimp Farming Project				
(Restated)				
Note	Balance as at July 01, 2009	Grant received	Utilized during the year	Balance as at June 30, 2010
----- (Rupees) -----				
FDB	52,545,075	27,613,817	(19,503,881)	60,655,011
Technical backstopping and strengthening training capabilities	2,948,558	14,000,000	(9,144,728)	7,803,830
Contingencies	4,871,160	-	(971,304)	3,899,856
Research And Development	-	2,000,000	(495,000)	1,505,000
Business Development Support	-	4,000,000	-	4,000,000
Total Quality Management	-	6,000,000	-	6,000,000
10.1	<u>60,364,793</u>	<u>53,613,817</u>	<u>(30,114,913)</u>	<u>83,863,697</u>

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		(Restated)	
		2010	2009
		(Rupees)	
10.1	Deferred grants	Note	
	Grant related to:		
	Assets	10.2	2,210,485
	Income	10.2	58,763,533
			<u>83,863,697</u>
			<u>60,364,793</u>

10.2 Movement in Deferred grants

	Related to assets		Related to Income	
	2010	2009	2010	2009
	(Rupees)		(Rupees)	
Balance as at July 01	1,601,260	17,000,000	58,763,533	47,871,183
Grant received	903,009	35,457,061	52,710,808	24,795,692
Transfers	-	(50,704,468)	-	-
Amortization/ Depreciation	(293,784)	(151,333)	(29,821,129)	(13,903,342)
Balance as at June 30	<u>2,210,485</u>	<u>1,601,260</u>	<u>81,653,212</u>	<u>58,763,533</u>

		(Rupees)	
		2010	2009
11	TRADE AND OTHER PAYABLES	Note	
	Payable to employees		3,974
	Accrued expenses		265,750
	Income tax withheld	11.1	478,460
			<u>748,184</u>
			<u>1,486,012</u>

11.1 Income tax withheld

	GST withheld	2,986	282,672
	Income tax	475,474	416,790
		<u>478,460</u>	<u>699,462</u>

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the balance sheet date (2009: Nil).

		(Restated)	
		2010	2009
		(Rupees)	
13	EXPENDITURE	Note	
	FDB component	13.1	19,503,881
	Hatchery component	13.2	-
	Model cage culture	13.3	-
	Contingencies	13.4	971,304
	Technical backstopping	13.5	9,144,728
	Research and development	13.6	495,000
			<u>30,114,913</u>
			<u>14,054,675</u>

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13.1 FDB component	Note	2010	2009
		(Rupees)	
Salaries and allowances		14,678,799	4,020,126
Travel and boarding		2,658,264	4,079,546
Legal and professional charges		266,275	370,612
Vehicle running expenses		88,679	90,544
Postage telegram and telephone		203,737	82,021
Printing and stationery		492,271	26,982
Utilities		7,573	26,741
Rent, rate and taxes		476,060	919,000
Advertisements		-	161,158
Miscellaneous		26,178	-
Entertainment		252,656	77,690
Depreciation	5.1	122,462	49,059
Repair and maintenance		45,834	36,269
Bank charges		47,593	6,085
Audit fee	13.1.1	137,500	126,500
		<u>19,503,881</u>	<u>10,072,333</u>

13.1.1 Audit fee		2010	2009
Audit fee		125,000	115,000
Out of pocket expenses		12,500	11,500
		<u>137,500</u>	<u>126,500</u>

13.2 Hatchery component		2010	2009
Daily wages		-	124,000
Postage telegram and telephone		-	3,810
Miscellaneous		-	4,129
	13.2.1	<u>-</u>	<u>131,939</u>

13.2.1 This component has been transferred back to the 'Project A&SF' for execution.

13.3 Model cage culture	Note	2010	(Restated) 2009
		(Rupees)	
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
Repair and Maintenance		-	1,995
Utilities		-	4,444
Rent, rate and taxes		-	60,000
	13.3.1	<u>-</u>	<u>448,696</u>

13.3.1 This component has been transferred back to the 'Project A&SF' for execution.

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13.4 Contingencies	Note	2010 (Rupees)	2009
Travel and boarding		3,000	30,380
Vehicle running expenses		296,870	383,605
Postage and telegram		2,016	24,063
Printing and stationery		131,009	307,466
Utilities		22,396	136,252
Entertainment		72,811	262,920
Repair and maintenance		320,905	493,296
Depreciation	5.1	100,957	51,542
Miscellaneous		21,340	364,741
		<u>971,304</u>	<u>2,054,265</u>
13.5 Technical backstopping			
Daily wages		216,030	-
Travel and boarding		4,050,580	219,275
Printing and stationery		253,994	15,500
Legal and professional charges		2,880,000	-
Repair and maintenance		1,174,264	-
Depreciation	5.1	70,365	50,732
Training and development		376,717	1,061,935
Miscellaneous		122,778	-
		<u>9,144,728</u>	<u>1,347,442</u>
13.6 Research and development			
Renovations and maintenance		495,000	-
		<u>495,000</u>	<u>-</u>
14 CASH AND CASH EQUIVALENTS			
Cash and bank balances		16,587,086	42,543,015
Investments-held to maturity		80,014,493	-
		<u>96,601,579</u>	<u>42,543,015</u>
15 REMUNERATION OF CHIEF EXECUTIVE			
Chief executive officer		200,000	1,200,000
		<u>200,000</u>	<u>1,200,000</u>

15.1 The aggregate amount charged in these financial statements in respect of remuneration includes all benefits to the chief executive. No remuneration is being paid to the directors of the Company

16 GENERAL

Figures have been rounded off to the nearest Pak Rupee.

17 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 30 NOV 2010.


CHAIRMAN


CHIEF EXECUTIVE