



KPMG Taseer Hadi & Co.
Chartered Accountants

Fisheries Development Board

**Financial Statements
For the year ended 30 June 2011**



KPMG Taseer Hadi & Co.
Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Fisheries Development Board ("the Company") as at 30 June 2011 and the related income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund balance together with the notes forming part thereof, for the year then ended 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 our audit.

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 and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said 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-

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund balance together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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 2011 and of the deficit, its cash flows and changes in funds for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the Company for the year ended 30 June 2010 were audited by another auditor whose report dated 30 November 2010 expressed an unqualified opinion thereon.

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KPMG Taseer Hadi & Co.

As part of our audit of financial statements for the year ended 30 June 2011, we also audited the adjustments described in note 18 that were applied to amend the financial statements for the years ended 30 June 2009 and 30 June 2010. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements for the years ended 30 June 2009 and 30 June 2010 of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the years ended 30 June 2009 and 30 June 2010 taken as a whole.

Islamabad
30 November 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Syed Bakhtiyar Kazmi

**FISHERIES DEVELOPMENT BOARD
BALANCE SHEET
AS AT 30 JUNE 2011**

	Note	2011 Rupees	2010 Rupees Restated	2009 Rupees Restated
NON CURRENT ASSETS				
Property, plant and equipment	4	4,362,889	2,210,485	1,601,260
CURRENT ASSETS				
Advances	5	2,007,040	10,556	909,755
Deposits and prepayments	6	468,075	877,017	1,264,875
Interest accrued		551,277	2,221,539	287,470
Other receivables		502,030	128,700	-
Financial assets	7	65,500,000	77,792,954	21,926,000
Advance tax - net		499,394	-	-
Cash and bank balances	8	18,460,030	14,770,204	42,543,015
		<u>87,987,846</u>	<u>95,800,970</u>	<u>66,931,115</u>
CURRENT LIABILITIES				
Trade and other payables	9	1,986,843	748,185	1,486,012
		<u>1,986,843</u>	<u>748,185</u>	<u>1,486,012</u>
NET CURRENT ASSETS				
		<u>86,001,003</u>	<u>95,052,785</u>	<u>65,445,103</u>
NON CURRENT LIABILITIES				
Deferred grant	10	21,859,510	22,886,687	7,497,718
		<u>21,859,510</u>	<u>22,886,687</u>	<u>7,497,718</u>
		<u>68,504,382</u>	<u>74,376,583</u>	<u>59,548,645</u>
REPRESENTED BY:				
Accumulated surplus		68,504,382	74,376,583	59,548,645
		<u>68,504,382</u>	<u>74,376,583</u>	<u>59,548,645</u>
CONTINGENCIES AND COMMITMENTS				
	11			

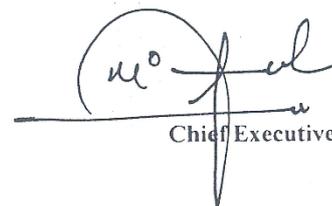
The annexed notes 1 to 20 form an integral part of these financial statements.

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Chairman



Chief Executive



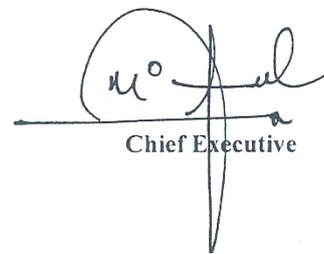
**FISHERIES DEVELOPMENT BOARD
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2011**

INCOME	Note	2011 Rupees	2010 Rupees Restated
Grant	12	8,693,177	36,407,966
Other operating income	14	8,993,182	8,534,886
		<u>17,686,359</u>	<u>44,942,852</u>
EXPENDITURE			
Programme expenses	10	1,027,177	10,611,031
Administrative expenses	13	22,531,383	19,503,883
		<u>23,558,560</u>	<u>30,114,914</u>
(Deficit) / surplus for the year		<u><u>(5,872,201)</u></u>	<u><u>14,827,938</u></u>

The annexed notes 1 to 20 form an integral part of these financial statements.

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Chairman

Chief Executive

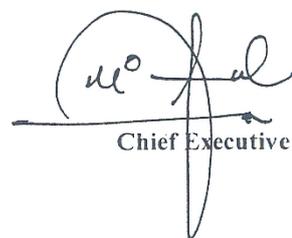
FISHERIES DEVELOPMENT BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	Rupees	Rupees
(Deficit) / surplus for the year	(5,872,201)	14,827,938
Other comprehensive income for the year	-	-
Total comprehensive income for the year - (loss)	(5,872,201)	14,827,938

The annexed notes 1 to 20 form an integral part of these financial statements.

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Chairman



Chief Executive

**FISHERIES DEVELOPMENT BOARD
CASH FLOW STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 Rupees	2010 Rupees Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		(5,872,201)	14,827,938
Adjustments for:			
Depreciation		586,408	293,784
Deferred grant recognised		(1,027,177)	(10,611,031)
Profit on investments and bank deposits		(8,986,182)	(8,534,886)
		<u>(9,426,951)</u>	<u>(18,852,133)</u>
		(15,299,152)	(4,024,195)
(Increase) / decrease in current assets			
Advances		(1,996,484)	899,199
Deposits and prepayments		408,942	387,858
Other receivables		(373,330)	(128,700)
Increase / (decrease) in current liabilities			
Trade and other payables		1,238,658	(737,827)
Cash used in operations		<u>(16,021,366)</u>	<u>(3,603,665)</u>
Income tax paid		(499,394)	-
Net cash used in operating activities		<u>(16,520,760)</u>	<u>(3,603,665)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment		(2,738,812)	(903,009)
Investment made during the year		12,292,954	(55,866,954)
Receipt of profit on investments and bank deposits		10,656,444	6,600,817
Net cash generated from / (used in) investing activities		<u>20,210,586</u>	<u>(50,169,146)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Deferred grant received		-	26,000,000
Net cash generated from financing activities		-	26,000,000
Net increase / (decrease) in cash and cash equivalents		<u>3,689,826</u>	<u>(27,772,811)</u>
Cash and cash equivalents at beginning of the year		14,770,204	42,543,015
Cash and cash equivalents at end of the year		<u>18,460,030</u>	<u>14,770,204</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

Chairman



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Chief Executive

**FISHERIES DEVELOPMENT BOARD
STATEMENT OF CHANGES IN ACCUMALATED SURPLUS
FOR THE YEAR ENDED 30 JUNE 2011**

	Accumulated surplus (Rupees)
Balance at 01 July 2009 - as previously reported	6,681,570
Effect of restatement (Refer note - 18)	52,867,075
Balance at 01 July 2009 - restated	<u>59,548,645</u>
Total comprehensive income for the year	
Surplus for the year	14,827,938
Total comprehensive income for the year	<u>14,827,938</u>
Balance at 30 June 2010 - restated	<u>74,376,583</u>
Balance at 30 June 2010 - as previously reported	<u>15,216,456</u>
Balance at 01 July 2010 - restated	74,376,583
Total comprehensive income for the year	
Deficit for the year	(5,872,201)
Total comprehensive income for the year	<u>(5,872,201)</u>
Balance at 30 June 2011	<u>68,504,382</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

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Chairman




Chief Executive

**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

1. STATUS AND NATURE OF BUSINESS

Fisheries Development Board ("the Company") was incorporated in Pakistan as a Guarantee Limited Company on 02 August 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 applies income towards its objectives and the payment of any dividend to its members is prohibited under the memorandum and articles association of the Company.

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 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 Ministry of Food, Agricultural and Livestock (MINFAL) and is being executed through the following agencies.

- 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

The components of the Project and related funding has been specified in the aforementioned PC-1. The Company Board of Directors decided to undertake the following components of the Project.

Component name	Committed funding	Funding received till 30 June 2011
	Rs.	Rs.
Technical backstopping and strengthening training capabilities	150,000,000	18,296,000
Contingencies	7,361,000	7,361,000
Research and Development	142,000,000	2,000,000
Business Development Support	500,000,000	4,000,000
Total Quality Management	45,028,000	6,000,000
	844,389,000	37,657,000

The Government of Pakistan also committed to provide Rs. 300 million to the Company as seed money. However, till 30 June 2011 only Rs. 89.97 million has been received on this account.

Further, after devolution of Ministry of Livestock and Dairy Development, the Company has now been placed under the administrative authority of Ministry of National Food Security and Research.

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis.

2.3 Functional and presentation currency

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

2.4 Significant estimates

The preparation of financial statements in conformity with IASs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

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

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed in the ensuing paragraphs.

2.4.1 Property and equipment

The Company reviews the useful lives and the residual value of the property and equipment on a regular basis. Any change in estimates in future years which might affect the carrying amounts of the respective items of property and equipments with a corresponding effect on the depreciation charge and impairment loss.

2.4.2 Other receivables

The carrying amounts of other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

2.4.3 Provisions and contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure of provision is made.

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

2.5 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning from the dates specified below:

IAS 24 Related Party Disclosures (revised 2009) - (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

Amendments to IAS 12 - deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

Amendments to IFRIC 14, IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment has no impact on Company's financial statements.

Improvements to IFRSs 2010 - In May 2010 the IASB issued improvements to IFRSs 2010 which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in income and expenditure, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in income and expenditure is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Company.

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to income and expenditure in the future if certain conditions are met from those that would never be reclassified to income and expenditure. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

These are stated at cost, which includes purchase price and directly attributable cost less accumulated depreciation and impairment loss, if any.

Normal repairs and maintenance are charged to income and expenditure account as and when incurred whereas major improvements and modifications are capitalised.

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 4 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.

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of property and equipment and are recognised within "other operating income" in the income and expenditure account.

3.2 Investments

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method less any impairment losses.

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

3.3 Advances and other receivables

The allowances for doubtful advances and other receivables are based on the company's assessment of the collectability of counterparty accounts. The company regularly reviews its advances and other receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, age of accounts receivable balances that may affect the

3.4 Foreign currency transactions

Foreign currency transactions are recorded on exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Exchange gains and losses are included in the income and expenditure account.

3.5 Trade and other payables

Liabilities for trade and other payables are carried at their amortised 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.

3.6 Financial instruments

Financial assets and liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of an instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial asset. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instruments. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income and expenditure account.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are only off set and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on net basis or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off set and the net amount is reported in the financial statements.

3.7 Provisions

A provision is recognised in the balance sheet when the Company has legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the reliable estimate can be made of the amount of obligation.

3.8 Impairment

Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the income and expenditure account.

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

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

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 that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.9 Grant

3.9.1 Deferred grant

Grant received for specific purposes (Technical backstopping and strengthening training capabilities, Research and development & Business development and total quality management) are classified as deferred grant. Such grants are transferred to income as grant to the extent of actual expenditure incurred there against.

3.9.2 Unrestricted grant

An unconditional grant is recognised in the income and expenditure account when received.

3.10 Taxation

The income of the Company is exempt from tax as per clause 58 and 59 of the part I of the second schedule of Income Tax Ordinance 2001.

3.11 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand, bank balances and short term deposits.

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

4 PROPERTY AND EQUIPMENT

	FDB			Technical Backstopping			Contingencies		Total
	Furniture and fixtures	Office equipment	Vehicles	Office equipment	Vehicals	Furniture and fixtures	Office equipment		
Cost									
Balance at 01 July 2009	197,822	409,840	133,000	435,696	-	394,811	181,424	1,752,593	
Additions made during the year	134,972	634,037	-	-	134,000	-	-	903,009	
Balance at 30 June 2010	332,794	1,043,877	133,000	435,696	134,000	394,811	181,424	2,655,602	
Balance at 01 July 2010	332,794	1,043,877	133,000	435,696	134,000	394,811	181,424	2,655,602	
Additions during the year	*176,383	*205,511	2,356,918	-	-	-	-	2,738,812	
Balance at 30 June 2011	509,177	1,249,388	2,489,918	435,696	134,000	394,811	181,424	5,394,414	
Depreciation									
Balance at 01 July 2009	2,542	41,707	4,810	50,732	-	22,498	29,044	151,333	
Charge during the year	23,028	86,134	13,300	65,354	5,011	39,481	61,476	293,784	
Balance at 30 June 2010	25,570	127,841	18,110	116,086	5,011	61,979	90,520	445,117	
Balance at 01 July 2010	25,570	127,841	18,110	116,086	5,011	61,979	90,520	445,117	
Charge during the year	43,195	168,413	229,351	65,354	13,400	39,481	27,214	586,408	
Balance at 30 June 2011	68,765	296,254	247,461	181,440	18,411	101,460	117,734	1,031,525	
Carrying value - 2011	440,412	953,134	2,242,457	254,256	115,589	293,351	63,690	4,362,889	
Carrying value - 2010	307,224	916,036	114,890	319,610	128,989	332,832	90,904	2,210,485	
Rates of depreciation per annum	10%	15%	10%	15%	10%	10%	15%	15%	

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

Note	2011	2010
	(Rupees)	
Administrative expenses	440,959	122,462
Deferred grant		
Contingencies	66,695	100,957
Technical Backstopping	78,754	70,365
	586,408	293,784

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FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

		2011	2010
	Note	Rupees	Rupees
5 ADVANCES			
Advances to employees, considered good	5.1	407,040	-
Advances to contractors	5.2	1,600,000	10,556
		<u>2,007,040</u>	<u>10,556</u>

5.1 This includes Rs. 228,310 given as advance to Mr. Arif Aslam (Ex Chief Executive Officer).

5.2 This represents advance given to Government of Azad Jammu and Kashmir against renovation expenses of Mirpur Hatchery.

		2011	2010
	Note	Rupees	Rupees
6 DEPOSITS AND PREPAYMENTS			
Secutiry deposits		167,500	567,500
Prepayments		300,575	309,517
		<u>468,075</u>	<u>877,017</u>

7 FINANCIAL ASSETS

Term deposit receipts - National Bank of Pakistan	7.1	65,500,000	77,792,954
		<u>65,500,000</u>	<u>77,792,954</u>

7.1 This represents investment in term deposits with maturity of 06 months and carries markup at the rate of 12.80% per annum.

		2011	2010
	Note	Rupees	Rupees
8 CASH AND BANK BALANCES			Restated
Cash in hand		609	7,264
Cash at banks - current accounts		498,154	14,762,940
- deposit accounts	8.1	17,961,267	-
		<u>18,459,421</u>	<u>14,762,940</u>
		<u>18,460,030</u>	<u>14,770,204</u>

8.1 Deposit accounts carry interest rate ranging from 10% to 11% (2010: 7% to 8%) per annum.

		2011	2010
		Rupees	Rupees
9 TRADE AND OTHER PAYABLES			
Accrued liabilities		448,840	265,750
Withholding tax payable		654,249	478,460
Payable to employees		817,955	3,975
Others		65,799	-
		<u>1,986,843</u>	<u>748,185</u>

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

10 DEFERRED GRANT

	Rupees						
	Technical backstopping and strengthening training capabilities	Contingencies	Research and Development	Business Development Support	Total Quality Management	Total	
Opening balance at 01 July 2009	2,948,558	4,549,160	-	-	-	7,497,718	
Grants received during the year	14,000,000	-	2,000,000	4,000,000	6,000,000	26,000,000	
	16,948,558	4,549,160	2,000,000	4,000,000	6,000,000	33,497,718	
Transferred to income and expenditure account							
Travelling and boarding	4,050,580	3,000	-	-	-	4,053,580	
Legal and professional charges	2,880,000	-	-	-	-	2,880,000	
Vehicle running expenses	-	296,870	-	-	-	296,870	
Postage telegram and telephone	-	2,016	-	-	-	2,016	
Printing and stationery	253,994	131,009	-	-	-	385,003	
Utilities	-	22,340	-	-	-	22,340	
Miscellaneous	122,778	21,340	-	-	-	144,118	
Entertainment	-	72,811	-	-	-	72,811	
Depreciation	70,420	100,957	-	-	-	171,377	
Repair and maintenance	1,174,264	320,905	495,000	-	-	1,990,169	
Daily wages	216,030	-	-	-	-	216,030	
Training and development	376,717	-	-	-	-	376,717	
Transferred to income and expenditure account	9,144,783	971,248	495,000	-	-	10,611,031	
Closing balance at 30 June 2010	7,803,775	3,577,912	1,505,000	4,000,000	6,000,000	22,886,687	
Opening balance at 01 July 2010	7,803,775	3,577,912	1,505,000	4,000,000	6,000,000	22,886,687	
Grants received during the year	-	-	-	-	-	-	
	7,803,775	3,577,912	1,505,000	4,000,000	6,000,000	22,886,687	
Transferred to income and expenditure account							
Travelling and boarding	534,103	4,500	-	-	-	538,603	
Depreciation	78,754	66,695	-	-	-	145,449	
Daily wages	201,140	-	-	-	-	201,140	
Training and development	141,985	-	-	-	-	141,985	
Transferred to income and expenditure account	955,982	71,195	-	-	-	1,027,177	
Closing balance at 30 June 2011	6,847,793	3,506,717	1,505,000	4,000,000	6,000,000	21,859,510	

Kamran

**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

11 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at year end.

12 GRANT	Note	2011 Rupees	2010 Rupees Restated
Deferred grant			
Technical backstopping and strengthening training capabilities		955,982	9,144,783
Contingencies		71,195	971,248
Research and development		-	495,000
		<u>1,027,177</u>	<u>10,611,031</u>
Unrestricted grant			
Grant received during the year		7,666,000	25,796,935
		<u>8,693,177</u>	<u>36,407,966</u>
13 ADMINISTRATIVE EXPENSES			
Salaries and allowances		13,772,969	14,678,799
Travel and boarding		3,762,639	2,658,264
Legal and professional charges		526,590	266,275
Vehicle running expenses		632,103	88,679
Postage telegram and telephone		25,528	203,737
Printing and stationery		379,322	492,271
Utilities		314,364	7,573
Rent, rate and taxes		1,099,090	476,060
Entertainment		167,963	252,656
Depreciation		440,959	122,462
Repair and maintenance		329,897	45,834
Bank charges		1,607	47,593
Others		104,038	26,180
Mirpur Hatchry	13.1	392,503	-
Audit fee		155,000	137,500
Suspense written off		426,811	-
		<u>22,531,383</u>	<u>19,503,883</u>
13.1 Mirpur Hatchry			
Salaries and allowances		147,550	-
Travel and boarding		53,498	-
Vehicle running expenses		63,885	-
Printing and stationery		1,115	-
Entertainment		18,560	-
Others		107,895	-
		<u>392,503</u>	<u>-</u>
14 OTHER OPERATING INCOME			
Income from financial assets			
Profit on investments in term deposit receipts		8,773,544	8,534,886
Profit on deposit accounts		212,638	-
		<u>8,986,182</u>	<u>8,534,886</u>
Income from non financial assets		7,000	-
		<u>8,993,182</u>	<u>8,534,886</u>
15 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS			

The Company has not paid any remuneration or other benefits to its Chief Executive and Directors. However, expenses relating to meetings of the Board of Directors held during the year amounted to Rs. 2,949,491.

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

16 Financial instruments

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

The Board 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.

16.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2011 Rupees	2010 Rupees
Deposits	167,500	567,500
Interest accrued	551,277	2,221,539
Other receivables	502,030	128,700
Financial assets	65,500,000	77,792,954
Bank balances	18,459,421	14,762,940
	85,180,228	95,473,633

The maximum exposure to credit risk for financial assets at the reporting date is with a public sector Bank.

Geographically there is no concentration of credit risk.

16.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

K. Praveen

**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

	Carrying amount	Contractual cash flows	Within six months	Six to twelve months
2011				
Rupees				
Financial liabilities				
Trade and other payables	1,986,843	1,986,843	1,986,843	-
	<u>1,986,843</u>	<u>1,986,843</u>	<u>1,986,843</u>	<u>-</u>
2010				
Financial liabilities				
Trade and other payables	748,185	748,185	748,185	-
	<u>748,185</u>	<u>748,185</u>	<u>748,185</u>	<u>-</u>

16.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to interest risk only.

16.3.1 Interest rate risk

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

	Carrying Amount	
	2011 Rupees	2010 Rupees
Fixed rate instruments		
Financial assets	65,500,000	77,792,954
	<u>65,500,000</u>	<u>77,792,954</u>
Variable rate instruments		
Financial assets	17,961,267	-
	<u>17,961,267</u>	<u>-</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) income or expenditure by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 basis points increase Rupees	100 basis points decrease Rupees
Cash flow sensitivity (net)		
Variable rate instruments	179,613	(179,613)
30 June 2011	<u>179,613</u>	<u>(179,613)</u>
Variable rate instruments	-	-
30 June 2010	<u>-</u>	<u>-</u>

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

16.4 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	2011		2010	
		Carrying amount	Fair value	Carrying amount	Fair value
		Rupees		Rupees	
Assets carried at amortized cost					
Deposits		167,500	167,500	567,500	567,500
Interest accrued		551,277	551,277	2,221,539	2,221,539
Other receivables		502,030	502,030	128,700	128,700
Financial assets	7	65,500,000	65,500,000	77,792,954	77,792,954
Bank balances	8	18,459,421	18,459,421	14,762,940	14,762,940
		85,180,228	85,180,228	94,906,133	94,906,133
Liabilities carried at amortized cost					
Trade and other payables	9	1,986,843	1,986,843	748,185	748,185
		1,986,843	1,986,843	748,185	748,185

Determination of fair values

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

Non - derivative financial assets

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

Non - derivative financial liabilities

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

16.5 Fund management

Currently the Company is fully dependent on the funding from Governemnt of Pakistan for its operational expenses. However, the Company objective is to initiate new revenue generating activities for meeting its operational requirements.

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

17 RELATED PARTY TRANSACTIONS

The Company is established by the Ministry of Food, Agricultural and Livestock (MINFAL), however after 18th ammendment the Company is placed under Ministry of National Food Security and Research. Therefore all department and agencies controlled by Government of Pakistan are related parties of the Company. Other related parties include directors, members and key management personnel. Significant transactions with related parties are as follows:

	2011 Rupees	2010 Rupees
Transactions with associated undertaking		
Grant received	7,666,000	25,796,935
Expenses incurred on their behalf	1,979,556	128,700
Expenses incurred on our behalf	150,000	-
Transactions with key management personnel		
Remuneration and other benefits	240,000	240,000

18 RESTATEMENT OF COMPARATIVE FIGURE

Comparative figures of the following balance sheet and profit and loss items have been restated for reasons given below and have been presented in these accounts by restating the opening balance of equity to comply with the requirements of IAS 8, "Accounting policies, change in accounting estimates and errors".

	30 June 2009 Rupees
18.1 Correction of Errors relating to year ended 30 June 2009	
Reversal of deferred grant - 2008	7,568,358
Reversal of deferred grant - 2009	45,298,717
	<u>52,867,075</u>

18.1.1 Grant income amounting to Rs. 7,568,358 and Rs. 45,298,717 were erroneously recognised as deferred grant during the year ended 30 June 2008 and 2009 respectively. In accordance with the accounting policy for recognition of unrestricted grant, this defired grant should have been recognised as grant income in the financial statements for the year ended 30 June 2008 and 2009 respectively, as there were no conditions attached to these grant. This error has now been corrected by restating opening balance of accumulated surplus for the year ended 30 June 2009 by Rs. 52,867,075 with a corresponding decrease in deferred grant.

		30 June 2010 Rupees
18.2 Correction of Errors relating to year ended 30 June 2010		
Reversal of deferred grant	18.2.1	8,109,936
Reversal of overbooked grant	18.2.2	(1,816,882)
		<u>6,293,054</u>

18.2.1 Grant income amounting to Rs. 8,109,936 was erroneously recognised as deferred grant during the year ended 30 June 2010. In accordance with the accounting policy for recognition of unrestricted grant, this defired grant should have been recognised as grant income in the financial statements for the year ended 30 June 2010, as there were no conditions attached to this grant. This error has now been corrected by restating grant income for the year ended 30 June 2010 by Rs. 8,109,936 with a corresponding decrease in deferred grant.

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**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

18.2.2 An amount of Rs. 1,816,882 was overbooked as grant during the year ended 30 June 2010. This error has now been corrected by restating cash and bank balance for the year ended 30 June 2010 by Rs. 1,816,882 with a corresponding decrease in grant for the year.

19 RECLASSIFICATION OF COMPARATIVE FIGURES

Following comparative figures have been reclassified in these financial statements for better presentation.

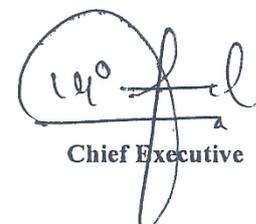
Reclassification from component	Reclassification to component	30 June 2009
Balance sheet		Rupees
Advances, deposits and prepayments	Advances	909,755
Advances, deposits and prepayments	Deposits and prepayments	1,264,875
Financial assets	Interest accrued	287,470
		30 June 2010
		Rupees
Advances, deposits and prepayments	Advances	10,556
Advances, deposits and prepayments	Deposits and prepayments	877,017
Financial assets	Interest accrued	2,221,539
		30 June 2010
Profit and loss		Rupees
Expenditure	Programme expenses	10,611,031
Expenditure	Administrative expenses	19,503,883

20 DATE OF APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on _____.

Kpmc/TA

Chairman

Chief Executive