

**FISHERIES DEVELOPMENT BOARD  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2012**

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the accompanying financial statements of Fisheries Development Board ("the Company") which comprises the statement of financial position as at June 30, 2012 and the related income and expenditure account, statement of comprehensive income, statement of cash flows and statement of changes in accumulated surplus 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.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud and error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from any material misstatement.

An audit involves performing procedures to obtain evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement whether due to fraud or error. In making those risk assessment, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion these financial statements present fairly, in all material respects the financial position of Fisheries Development Board as at June 30, 2012 and of its financial performance and its cash flows for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

  
Chartered Accountants  
Audit Engagement Partner: Mohammad Saleem

Date: 00 OCT 2012  
Islamabad

**FISHERIES DEVELOPMENT BOARD  
STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2012**

	Note	2012	(Restated) 2011
		(Rupees)	
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	3,761,290	4,362,889
<b>CURRENT ASSETS</b>			
Advances	5	544,040	2,007,040
Deposits and prepayments	6	178,150	468,075
Accrued Interest		-	351,426
Other receivables		200,000	502,030
Advance tax - net		547,739	499,394
Investments - held to maturity	7	83,606,739	66,051,277
Cash and bank balances	8	93,028	18,460,030
		85,169,696	88,339,273
		88,930,986	92,702,162
<b>EQUITY AND LIABILITIES</b>			
Accumulated surplus		34,086,822	24,561,064
<b>NON CURRENT LIABILITIES</b>			
Deferred grants	9	53,268,788	66,154,255
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,575,376	1,986,843
		88,930,986	92,702,162
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		

The annexed notes 1 to 19 form an integral part of these financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	2012	(Restated) 2011
		(Rupees)	
<b>INCOME</b>			
Grant income		12,885,467	23,558,560
Other operating income	12	9,525,758	9,344,608
		22,411,225	32,903,168
<b>EXPENDITURE</b>			
Programme expenses		(1,505,836)	(1,027,177)
Administrative expenses		(11,379,631)	(22,531,383)
	9	(12,885,467)	(23,558,560)
<b>Surplus for the year</b>		<b>9,525,758</b>	<b>9,344,608</b>

The annexed notes 1 to 19 form an integral part of these financial statements.

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CHAIRMAN

  
CHIEF EXECUTIVE

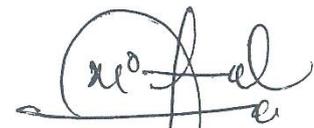
**FISHERIES DEVELOPMENT BOARD  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	2012	(Restated) 2011
			(Rupees)
Surplus for the year		9,525,758	9,344,608
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u>9,525,758</u>	<u>9,344,608</u>

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CHAIRMAN

  
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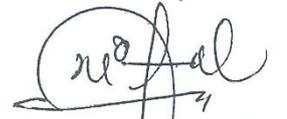
**FISHERIES DEVELOPMENT BOARD  
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED JUNE 30, 2012**

	(Rupees)
<b>Balance as at July 01, 2010</b>	74,376,583
Effect of restatement (Refer note - 17)	<u>9,160,127</u>
<b>Balance as at July 01, 2010 - Restated</b>	15,216,456
<b>Total comprehensive income for the year</b>	
Surplus for the year - Restated	9,344,608
Other comprehensive income for the year	-
Total comprehensive income for the year - Restated	9,344,608
<b>Balance as at June 30, 2011 - Restated</b>	<u><u>24,561,064</u></u>
<b>Balance as at July 01, 2011 - Restated</b>	24,561,064
<b>Total comprehensive income for the year</b>	
Surplus for the year	9,525,758
Other comprehensive income for the year	-
Total comprehensive income for the year	9,525,758
<b>Balance as at June 30, 2012</b>	<u><u>34,086,822</u></u>

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CHAIRMAN

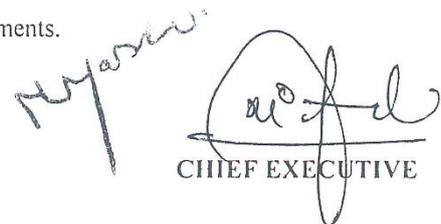
  
CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2012**

	Note	2012	(Restated) 2011
		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		9,525,758	9,344,608
Adjustments for:			
Profit on investments and bank deposits		(9,458,209)	(9,337,608)
Liabilities written back		(67,549)	-
Depreciation		633,669	586,408
Amortisation of grant		<u>(12,885,467)</u>	<u>(23,558,560)</u>
		<u>(12,251,798)</u>	<u>(22,965,152)</u>
Working capital changes:			
(Increase)/decrease in current assets:			
Advances		1,463,000	(1,996,484)
Deposits and prepayments		289,925	408,942
Other receivables		302,030	(373,330)
decrease/(Increase) in trade and other payables		<u>(411,467)</u>	<u>1,238,659</u>
Cash used in operations		<u>(10,608,310)</u>	<u>(23,687,365)</u>
Income tax paid		<u>(48,345)</u>	<u>(499,394)</u>
Net cash used in operating activities		<u>(10,656,655)</u>	<u>(24,186,760)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of profit on investments and bank deposits		9,877,184	8,986,182
Purchase of property and equipment		<u>(32,070)</u>	<u>(2,738,812)</u>
Net cash from investing activities		<u>9,845,114</u>	<u>6,247,370</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Deferred grants received		<u>-</u>	<u>7,666,000</u>
Net cash from financing activities		<u>-</u>	<u>7,666,000</u>
<b>Decrease in cash and cash equivalents</b>		<b>(811,540)</b>	<b>(10,273,390)</b>
<b>Cash and cash equivalents at beginning of year</b>		<u>84,511,307</u>	<u>94,784,697</u>
<b>Cash and cash equivalents at end of year</b>	13	<u><u>83,699,767</u></u>	<u><u>84,511,307</u></u>

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CHAIRMAN

  
CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**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

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

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

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.

**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 under the historical cost convention 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.



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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## 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 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.

### 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 realisablity 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.

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

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning as mentioned there against are either not relevant to the Company's current operations or are not expected to have a significant impact on the Company's financial statements other than certain additional disclosures:

- Amendments to IAS 1 Presentation of Financial statement	1st July, 2012
- Amendments to IAS 12 Income Taxes	1st January, 2012
- Amendments to IAS 19 Employee Benefits	1st January, 2013
- Amendments to IFRS 7 Financial Instrument Disclosures	1st January 2013
- IFRS 9 Financial Instruments - Classification and Measurement	1st January, 2013
- IFRS 10 Consolidated Financial Statements	1st January, 2013
- IFRS 11 Joint Arrangements	1st January, 2013
- IFRS 12 Disclosure of Interest in Other Entities	1st January, 2013
- IFRS 13 Fair Value Measurement	1st January, 2013

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### 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

Property 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 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.

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.

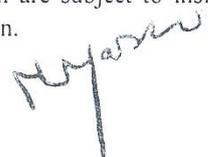
#### 3.2 Impairment

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 Financial instruments**

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 event have had a negative effect on the estimated future cash flows of that asset. Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in group that share similar credit risk characteristics.

### **3.6 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.

### **3.7 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.

### **3.8 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 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.

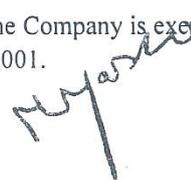
### **3.9 Grant Income**

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.

### **3.10 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.



4 PROPERTY AND EQUIPMENT

Cost	FDB			Technical Backstopping		Contingencies		Total
	Furniture and Fixtures	Office Equipment	Vehicles	Office Equipment	Vehicles	Furniture and Fixtures	Office Equipment	
	Rupees							
Balance at July 01, 2010	332,794	1,043,877	133,000	435,696	134,000	394,811	181,424	2,655,602
Additions	176,383	205,511	2,356,918					2,738,812
Balance at June 30, 2011	509,177	1,249,388	2,489,918	435,696	134,000	394,811	181,424	5,394,414
Balance at July 01, 2011	509,177	1,249,388	2,489,918	435,696	134,000	394,811	181,424	5,394,414
Additions	-	32,070	-	-	-	-	-	32,070
Balance at June 30, 2012	509,177	1,281,458	2,489,918	435,696	134,000	394,811	181,424	5,426,484
Depreciation								
Balance at July 01, 2010	25,570	127,841	18,110	116,086	5,011	61,979	90,520	445,117
Charge for the year	43,195	168,413	229,351	65,354	13,400	39,481	27,214	586,408
Balance at June 30, 2011	68,765	296,254	247,461	181,440	18,411	101,460	117,734	1,031,525
Balance at July 01, 2011	68,765	296,254	247,461	181,440	18,411	101,460	117,734	1,031,525
Charge for the year	50,918	188,310	248,992	65,354	13,400	39,481	27,214	633,669
Balance at 30 June, 2012	119,683	484,564	496,453	246,794	31,811	140,941	144,948	1,665,194
Carrying value - 2011	440,412	953,134	2,242,457	254,256	115,589	293,351	63,690	4,362,889
Carrying value - 2012	389,494	796,894	1,993,465	188,902	102,189	253,870	36,476	3,761,290
Rates of depreciation per annum	10%	15%	10%	15%	10%	10%	15%	

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

Note	2012	2011
	(Rupees)	
FDB	488,220	440,959
Contingencies	66,695	66,695
Technical Backstopping	78,754	78,754
9	633,669	586,408

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*2012 to 2011  
FDB - Verifying  
9000-000*

5	ADVANCES	Note	2012	2011
		(Rupees)		
	Advances to employees - considered good	5.1	544,040	407,040
	Other advances	5.2	-	1,600,000
			<u>544,040</u>	<u>2,007,040</u>

5.1 This includes an amount of 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.

6	DEPOSITS AND PREPAYMENTS	Note	2012	2011
		(Rupees)		
	Security deposits		150,000	167,500
	Prepayments		28,150	300,575
			<u>178,150</u>	<u>468,075</u>

#### 7 INVESTMENTS - HELD TO MATURITY

	National Bank of Pakistan	7.1	-	66,051,277
	National Bank of Pakistan	7.2	70,515,392	-
	National Bank of Pakistan	7.3	13,091,347	-
			<u>83,606,739</u>	<u>66,051,277</u>

7.1 This represented a term deposit receipt (TDR) having face value Rs. 65.5 million (2011: Rs. 65.5 million) of six month maturity. The TDR was matured on December 07, 2011 and carries markup at the rate of 12.80% (2011: 12.80%) per annum.

7.2 This represents a term deposit receipt (TDR) having face value Rs. 70 million (2011: Nil) of six month maturity on December 06, 2012. TDR carries effective markup rate of 11.23 % (2011: Nil) per annum.

7.3 This represents a term deposit receipt (TDR) having face value Rs. 13 million (2011: Nil) of one month maturity on July 07, 2012. TDR carries effective markup rate of 11.18 % (2011: Nil) per annum.

8	CASH AND BANK BALANCES	Note	2012	2011
		(Rupees)		
<b>Cash at bank on</b>				
	Current account		10,083	498,154
	Saving account	8.1	82,945	17,961,267
			<u>93,028</u>	<u>18,459,421</u>
<b>Cash in hand</b>				
			-	609
			<u>93,028</u>	<u>18,460,030</u>

8.1 Effective mark up rates in respect of deposit accounts range from 10.20 % to 11.25 % per annum (2011:10 % to 11% per annum).

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9 DEFERRED GRANT

Opening balance at July 01, 2010  
 Grants received during the year  
 Transferred to income and expenditure account  
 Salaries and allowances  
 Daily Wages  
 Travel and boarding  
 Legal and professional charges  
 Vehicle running expenses  
 Postage telegram and telephone  
 Printing and stationery  
 Utilities  
 Rent, rate and taxes  
 Entertainment  
 Audit fee  
 Depreciation  
 Repair and maintenance  
 Bank charges  
 Mirpur Hatcher  
 Others  
 Suspense written off  
 Training and development  
 Transferred to income and expenditure account  
 Closing balance at June 30, 2011  
 Opening balance at July 01, 2011  
 Grants received during the year  
 Transferred to income and expenditure account  
 Salaries and allowances  
 Daily Wages  
 Travel and boarding  
 Legal and professional charges  
 Vehicle running expenses  
 Postage telegram and telephone  
 Printing and stationery  
 Utilities  
 Rent, rate and taxes  
 Entertainment  
 Audit fee  
 Depreciation  
 Repair and maintenance  
 Bank charges  
 Others  
 Mirpur Hatchery  
 Bral Dam Project  
 Transferred to income and expenditure account  
 Closing balance at June 30, 2012

Note	Programme Expenses						Total
	FDB Component	Technical Backstopping	Contingencies	Research and Development	Business Development Support	Total Quality Management	
	58,838,129	7,803,830	3,899,856	1,505,000	4,000,000	6,000,000	83,046,815
	7,666,000	-	-	-	-	-	7,666,000
	66,504,129	7,803,830	3,899,856	1,505,000	4,000,000	6,000,000	89,712,815
	13,772,969	201,140	-	-	-	-	13,974,109
	3,762,639	534,103	4,500	-	-	-	4,301,242
	526,590	-	-	-	-	-	526,590
	632,103	-	-	-	-	-	632,103
	14,654	-	10,874	-	-	-	25,528
	377,826	-	1,496	-	-	-	379,322
	314,364	-	-	-	-	-	314,364
	1,099,090	-	-	-	-	-	1,099,090
	167,963	-	-	-	-	-	167,963
	155,000	-	-	-	-	-	155,000
	440,959	78,754	66,695	-	-	-	586,408
	329,897	-	-	-	-	-	329,897
	1,607	-	-	-	-	-	1,607
	392,503	-	-	-	-	-	392,503
	104,038	-	-	-	-	-	104,038
	426,811	-	-	-	-	-	426,811
	141,985	-	-	-	-	-	141,985
	22,519,013	955,982	83,565	-	-	-	23,558,560
	43,985,116	6,847,848	3,816,291	1,505,000	4,000,000	6,000,000	66,154,255
	43,985,116	6,847,848	3,816,291	1,505,000	4,000,000	6,000,000	66,154,255
	43,985,116	6,847,848	3,816,291	1,505,000	4,000,000	6,000,000	66,154,255
	3,872,723	-	522,800	-	-	-	4,395,523
	328,650	-	-	-	-	-	328,650
	1,488,531	35,096	-	617,249	-	-	2,140,876
	487,000	140,000	-	13,000	-	-	640,000
	427,291	-	-	2,801	-	-	430,092
	38,040	-	-	-	-	-	38,040
	100,955	-	-	1,440	-	-	102,395
	318,186	-	-	-	-	-	318,186
	297,000	-	-	-	-	-	297,000
	117,485	-	1,000	-	27,001	-	145,486
	100,000	-	-	-	-	-	100,000
	488,220	78,754	66,695	-	-	-	633,669
	200,543	-	-	-	-	-	200,543
	4,643	-	-	-	-	-	4,643
	107,861	-	-	-	-	-	107,861
	2,970,998	-	-	-	-	-	2,970,998
	31,505	-	-	-	-	-	31,505
	11,379,631	253,850	590,495	661,491	4,000,000	6,000,000	12,885,467
	32,605,485	6,593,998	3,225,796	843,509	4,000,000	6,000,000	53,268,788

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9.1	Deferred grants	Note	(Restated)	
			2012	2011
			(Rupees)	
	Grant related to:			
	Assets	9.2	3,761,290	4,362,889
	Income	9.2	49,607,498	61,791,366
			<u>53,368,788</u>	<u>66,154,255</u>

9.2 Movement in Deferred grants

	Related to assets		Related to Income	
	2012	2011	2012	2011
	(Rupees)		(Rupees)	
Balance as at July 01	4,362,889	2,210,485	61,791,366	79,836,330
Grant received	-	2,738,812	-	4,927,188
Transfers	32,070	-	(32,070)	-
Amortization/ Depreciation	(633,669)	(586,408)	(12,151,798)	(22,972,152)
Balance as at June 30	<u>3,761,290</u>	<u>4,362,889</u>	<u>49,607,498</u>	<u>61,791,366</u>

9.3	Audit Fee	(Rupees)	
		2012	2011
	Audit fee	100,000	100,000
	Out of pocket expenses	-	55,000
		<u>100,000</u>	<u>155,000</u>

9.4 Mirpur Hatchry

Salaries and allowances	-	147,550
Travel and boarding	-	68,698
Vehicle running expenses	1,050	48,685
Printing and stationery	-	1,115
Repair and maintenance	1,918,921	-
Entertainment	82,501	18,560
Others	968,526	107,895
	<u>2,970,998</u>	<u>392,503</u>

9.5 Bral Dam Project

Daily wages	6,000	-
Travel and boarding	20,885	-
Others	4,620	-
	<u>31,505</u>	<u>-</u>

10 TRADE AND OTHER PAYABLES

Accrued liabilities	1,034,680	448,840
Withholding tax payable	520,341	654,249
Payable to employees	20,355	817,955
Others	-	65,799
	<u>1,575,376</u>	<u>1,986,843</u>

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9 DEFERRED GRANT

Opening balance at July 01, 2010  
 Grants received during the year  
 Transferred to income and expenditure account  
 Salaries and allowances  
 Daily Wages  
 Travel and boarding  
 Legal and professional charges  
 Vehicle running expenses  
 Postage telegram and telephone  
 Printing and stationery  
 Utilities  
 Rent, rate and taxes  
 Entertainment  
 Audit fee  
 Depreciation  
 Repair and maintenance  
 Bank charges  
 Mirpur Hatchry  
 Others  
 Suspense written off  
 Training and development  
 Transferred to income and expenditure account  
 Closing balance at June 30, 2011  
 Grants received during the year  
 Transferred to income and expenditure account  
 Salaries and allowances  
 Daily Wages  
 Travel and boarding  
 Legal and professional charges  
 Vehicle running expenses  
 Postage telegram and telephone  
 Printing and stationery  
 Utilities  
 Rent, rate and taxes  
 Entertainment  
 Audit fee  
 Depreciation  
 Repair and maintenance  
 Bank charges  
 Others  
 Mirpur Hatchry  
 Brial Dam Project  
 Transferred to income and expenditure account  
 Closing balance at June 30, 2012

Note	Administrative		Programme Expenses				Total Quality Management	Total
	FDB Component	Technical Backstopping	Contingencies	Research and Development	Business Development Support	Rupees		
	58,838,129	7,803,830	3,899,856	1,505,000	4,000,000	6,000,000	82,046,815	
	7,666,000	-	-	-	-	-	7,666,000	
	66,504,129	7,803,830	3,899,856	1,505,000	4,000,000	6,000,000	89,712,815	
	13,772,969	201,140	-	-	-	-	13,974,109	
	3,762,639	534,103	4,500	-	-	-	4,301,242	
	526,590	-	-	-	-	-	526,590	
	632,103	-	-	-	-	-	632,103	
	14,654	-	-	-	-	-	14,654	
	377,826	-	10,874	-	-	-	388,700	
	314,364	-	1,496	-	-	-	315,860	
	1,099,090	-	-	-	-	-	1,099,090	
	167,963	-	-	-	-	-	167,963	
	155,000	-	-	-	-	-	155,000	
	440,959	78,754	66,695	-	-	-	666,408	
	329,897	-	-	-	-	-	329,897	
	1,607	-	-	-	-	-	1,607	
	392,503	-	-	-	-	-	392,503	
	104,038	-	-	-	-	-	104,038	
	426,811	-	-	-	-	-	426,811	
	141,985	-	-	-	-	-	141,985	
	22,519,013	955,982	83,565	-	-	-	23,558,560	
	43,985,116	6,847,848	3,816,291	1,505,000	4,000,000	6,000,000	66,154,255	
	-	-	-	-	-	-	-	
	43,985,116	6,847,848	3,816,291	1,505,000	4,000,000	6,000,000	66,154,255	
	3,872,723	-	522,800	-	-	-	4,395,523	
	328,650	35,096	-	617,249	-	-	970,995	
	1,488,531	140,000	-	13,000	-	-	1,641,531	
	487,000	-	-	2,801	-	-	489,801	
	427,291	-	-	-	-	-	427,291	
	38,040	-	-	-	-	-	38,040	
	100,955	-	-	1,440	-	-	102,395	
	318,186	-	-	-	-	-	318,186	
	297,000	-	-	-	-	-	297,000	
	117,485	-	1,000	-	27,001	-	145,486	
	100,000	-	-	-	-	-	100,000	
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	200,543	-	-	-	-	-	200,543	
	4,643	-	-	-	-	-	4,643	
	107,861	-	-	-	-	-	107,861	
	2,970,998	-	-	-	-	-	2,970,998	
	31,505	-	-	-	-	-	31,505	
	11,379,631	253,850	590,495	661,491	4,000,000	-	12,885,467	
	32,605,485	6,593,998	3,223,796	843,509	4,000,000	6,000,000	53,268,788	

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9.1	Deferred grants	Note	(Restated)	
			2012	2011
			(Rupees)	
	Grant related to:			
	Assets	9.2	3,761,290	4,362,889
	Income	9.2	49,607,498	61,791,366
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	(Rupees)		(Rupees)	
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Balance as at June 30	<u>3,761,290</u>	<u>4,362,889</u>	<u>49,607,498</u>	<u>61,791,366</u>

9.3	Audit Fee	(Rupees)	
		2012	2011
	Audit fee	100,000	100,000
	Out of pocket expenses	-	55,000
		<u>100,000</u>	<u>155,000</u>

9.4 Mirpur Hatchry

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Printing and stationery	-	1,115
Repair and maintenance	1,918,921	-
Entertainment	82,501	18,560
Others	968,526	107,895
	<u>2,970,998</u>	<u>392,503</u>

9.5 Bral Dam Project

Daily wages	6,000	-
Travel and boarding	20,885	-
Others	4,620	-
	<u>31,505</u>	<u>-</u>

10 TRADE AND OTHER PAYABLES

Accrued liabilities	1,034,680	448,840
Withholding tax payable	520,341	654,249
Payable to employees	20,355	817,955
Others	-	65,799
	<u>1,575,376</u>	<u>1,986,843</u>

*M. J. Khan*

## 11 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at year end (2011: Nil).

12	OTHER OPERATING INCOME	Note	2012	(Restated) 2011
			(Rupees)	
	Income from financial assets			
	Profit on investments and bank deposits		9,458,209	9,337,608
	Income from other than financial assets:			
	Tender fee		-	7,000
	Liabilities written back		67,549	-
			<u>9,525,758</u>	<u>9,344,608</u>
13	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	8	93,028	18,460,030
	Investments-held to maturity	7	83,606,739	66,051,277
			<u>83,699,767</u>	<u>84,511,307</u>

## 14 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. 1,048,323 (2011: Rs. 2,949,491).

## 15 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.

### 15.1 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:

*M. Y. Ashu*

	2012	2011
	Rupees	
Deposits	150,000	167,500
Interest accrued	-	351,426
Other receivables	200,000	502,030
Investments - held to maturity	83,606,739	66,051,277
Bank balances	93,028	18,459,421
	<u>84,049,767</u>	<u>85,180,228</u>

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.

## 15.2 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.

	Carrying amount	Contractual cash flows	Within six months	Six to twelve months
	Rupees			
<b>2012</b>				
<b>Financial liabilities</b>				
Trade and other payables	1,575,376	1,575,376	1,575,376	-
	<u>1,575,376</u>	<u>1,575,376</u>	<u>1,575,376</u>	<u>-</u>
<b>2011</b>				
<b>Financial liabilities</b>				
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>

## 15.3 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.

### 15.3.1 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	
	2012	2011
	Rupees	
<b>Fixed rate instruments</b>		
Investments - held to maturity	83,606,739	66,051,277
	<u>83,606,739</u>	<u>66,051,277</u>
<b>Variable rate instruments</b>		
Investments - held to maturity	82,945	17,961,267
	<u>82,945</u>	<u>17,961,267</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.

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	Profit or loss	
	100 basis points increase	100 basis points decrease
	Rupees	
<b>Cash flow sensitivity (net)</b>		
Variable rate instruments June 30, 2012	829	(829)
	<u>829</u>	<u>(829)</u>
Variable rate instruments June 30, 2011	179,613	(179,613)
	<u>179,613</u>	<u>(179,613)</u>

#### 15.4 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	2012		2011	
		Carrying amount	Fair value	Carrying amount	Fair value
		Rupees		Rupees	
<b>Assets carried at amortized cost</b>					
Deposits		150,000	150,000	167,500	167,500
Interest accrued		-	-	351,426	351,426
Other receivables		200,000	200,000	502,030	502,030
Investments - held to maturity	7	83,606,739	83,606,739	66,051,277	66,051,277
Bank balances	8	93,028	93,028	18,460,030	18,460,030
		<u>84,049,767</u>	<u>84,049,767</u>	<u>85,364,763</u>	<u>85,364,763</u>
<b>Liabilities carried at amortized cost</b>					
Trade and other payables	10	1,575,376	1,575,376	1,986,843	1,986,843
		<u>1,575,376</u>	<u>1,575,376</u>	<u>1,986,843</u>	<u>1,986,843</u>

#### 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.

#### 15.5 Fund management

Currently the Company is fully dependent on the funding from Government 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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## 16 RECLASSIFICATION OF COMPARATIVE FIGURES

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

Reclassification from component Balance sheet	Reclassification to component	Reason	June 30, 2011 Rupees
Interest accrued	Investments - held to maturity	To show the investments at amortized cost	551,277

## 17 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".

17.1 Correction of Errors relating to year ended June 30, 2010	June 30, 2010 Rupees
Transferred from accumulated surplus to deferred grant - 2008	7,568,358
Transferred from accumulated surplus to deferred grant - 2009	45,298,717
Transferred from accumulated surplus to deferred grant - 2010	6,293,052
17.1.1	<u>59,160,127</u>

- 17.1.1 Grant income amounting to Rs. 7,568,358, Rs. 45,298,717 and Rs. 6,293,052 were recognised as grant income during the year ended June 30, 2008, 2009 and 2010 respectively. In accordance with the accounting policy for recognition of grant, grants received are deferred and recognized as income over the periods necessary to match them with the related costs they are intended to compensate, this grant income should have been recognised as deferred grant in the financial statements for the year ended June 30, 2008, 2009 and 2010 respectively. This error has now been corrected by restating opening balance of accumulated surplus for the year ended June 30, 2010 by Rs. 59,160,127 with a corresponding increase in deferred grant.

17.1.2 Correction of Errors relating to year ended June 30, 2011	June 30, 2011 Rupees
(Deficit) for the year - previously reported	(5,872,201)
Transferred from deferred grant to accumulated surplus - 2011	17.1.3 15,216,809
	<u>9,344,608</u>

### 17.1.3 Transferred from deferred grant to accumulated surplus - 2011

Reversal of grant income	17.1.4	(7,666,000)
Interest accrued - rectification of error	17.1.5	351,426
Administrative expenses	17.1.6	22,531,383
Transferred from accumulated surplus to deferred grant - 2011		<u>15,216,809</u>

- 17.1.4 Grant amounting Rs. 7,666,000 was received during the year ended June 30, 2011. This grant was erroneously recognized as grant income in 2011. However, in accordance with the accounting policy for recognition of grant, grants received are deferred and recognized as income over the periods necessary to match them with the related costs they are intended to compensate. This grant income should have been recognised as deferred grant in the financial statements for the year ended June 30, 2011.

- 17.1.5 Accrued interest for the period January to June 30, 2011 was not recognized. This error has been rectified by restating the other other income for the year June 30, 2011.

- 17.1.6 Grant income was understated by Rs. 22,531,383 related to administrative expenses for the year ended June 30, 2011. In accordance with the accounting policy for recognition of grant, grants received are deferred and recognized as income over the periods necessary to match them with the related costs they are intended to compensate. Therefore, this expenditure should have been charged to deferred grant in the financial statements for the year ended June 30, 2011.

*M. Yashwanth*

18 GENERAL

Figures have been rounded off to the nearest Pak Rupee.

19 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company

on ~~10 8 OCT 2012~~

*M. Yasin*

  
CHAIRMAN

  
CHIEF EXECUTIVE