

**FISHERIES DEVELOPMENT BOARD  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2014**

## INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS

We have audited the annexed balance sheet of Fisheries Development Board ("the Company") as at June 30, 2014 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

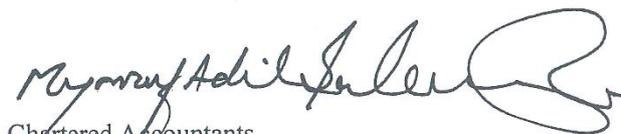
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2014 and of its surplus, comprehensive income, its cash flows and changes in accumulated surplus for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.



Chartered Accountants  
Audit Engagement Partner: Mohammad Saleem

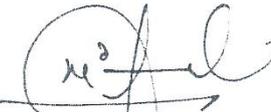
Date: 01 DEC 2014  
Islamabad

**FISHERIES DEVELOPMENT BOARD  
BALANCE SHEET  
AS AT JUNE 30, 2014**

	Note	2014 (Rupees)	2013
<b>NON CURRENT ASSETS</b>			
Property and equipment	4	3,785,888	3,721,697
<b>CURRENT ASSETS</b>			
Inventory		-	528,229
Advances	5	232,040	332,040
Deposits and prepayments	6	707,692	395,092
Loan and other receivables	7	412,265	692,160
Advance tax - net		634,572	576,298
Investments - held to maturity	8	73,168,548	68,118,423
Cash and bank balances	9	90,768,479	11,259,410
		<u>165,923,596</u>	<u>81,901,652</u>
		<u><u>169,709,484</u></u>	<u><u>85,623,349</u></u>
<b>EQUITY AND LIABILITIES</b>			
Accumulated surplus		52,251,149	43,426,578
<b>NON CURRENT LIABILITIES</b>			
Deferred grants	10	116,689,474	42,035,063
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	768,861	161,708
		<u>169,709,484</u>	<u>85,623,349</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		

The annexed notes 1 to 18 form an integral part of these financial statements.

  
CHAIRMAN

  
CHIEF EXECUTIVE

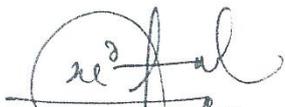
**FISHERIES DEVELOPMENT BOARD  
INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014	2013
		(Rupees)	
<b>INCOME</b>			
Grant income		17,259,128	11,233,725
Other operating income	13	8,824,571	9,339,756
		26,083,699	20,573,481
<b>EXPENDITURE</b>			
Programme expenses		(6,293,951)	(564,654)
Administrative expenses		(10,965,177)	(10,669,071)
	10	(17,259,128)	11,233,725
<b>Surplus for the year</b>		<b>8,824,571</b>	<b>9,339,756</b>

The annexed notes 1 to 18 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, 2014**

	Note	2014	2013
		(Rupees)	
Surplus for the year		8,824,571	9,339,756
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u><u>8,824,571</u></u>	<u><u>9,339,756</u></u>

The annexed notes 1 to 18 form an integral part of these financial statements.

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CHAIRMAN

  
CHIEF EXECUTIVE

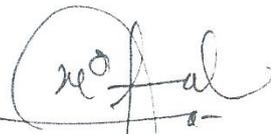
**FISHERIES DEVELOPMENT BOARD  
STATEMENT OF CHANGES IN ACCUMULATED SURPLUS  
FOR THE YEAR ENDED JUNE 30, 2014**

(Rupees)

<b>Balance as at July 01, 2012</b>	34,086,822
<b>Total comprehensive income for the year</b>	
Surplus for the year	9,339,756
Other comprehensive income for the year	-
Total comprehensive income for the year	9,339,756
<b>Balance as at June 30, 2013</b>	<b>43,426,578</b>
<b>Balance as at July 01, 2013</b>	43,426,578
<b>Total comprehensive income for the year</b>	
Surplus for the year	8,824,571
Other comprehensive income for the year	-
Total comprehensive income for the year	8,824,571
<b>Balance as at June 30, 2014</b>	<b>52,251,149</b>

*My name*

  
CHAIRMAN

  
CHIEF EXECUTIVE

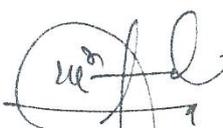
**FISHERIES DEVELOPMENT BOARD  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014	2013
			(Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus for the year		8,824,571	9,339,756
Adjustments for:			
Profit on investments and bank deposits		(8,241,886)	(7,640,890)
Liabilities written back		-	(507,804)
Depreciation		835,592	653,040
Amortisation of grant		(17,259,128)	(11,233,725)
		(15,840,851)	(9,407,859)
Working capital changes:			
(Increase)/decrease in current assets:			
Inventory		528,229	(528,229)
Advances		100,000	212,000
Deposits and prepayments		(312,600)	(216,942)
Loan and other receivables		279,895	(492,160)
decrease/(Increase) in trade and other payables		607,153	(905,865)
Cash used in operations		(14,638,174)	(11,339,054)
Income tax paid		(58,274)	(28,559)
Net cash used in operating activities		(14,696,448)	(11,367,613)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of profit on investments and bank deposits		8,241,886	(7,640,890)
Purchase of property and equipment		(899,783)	(613,447)
Net cash from investing activities		7,342,103	7,045,679
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Deferred grants received		91,913,539	-
Net cash from financing activities		91,913,539	-
Increase/(Decrease) in cash and cash equivalents		84,559,194	(4,321,934)
Cash and cash equivalents at beginning of year		79,377,833	83,699,767
Cash and cash equivalents at end of year	14	163,937,028	79,377,833

The annexed notes 1 to 18 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, 2014**

**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 applies income towards its objectives and the payment of any dividend to its members is prohibited under the memorandum and articals 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 orgionally 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.

## **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 realisabilily 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.

*M. Y. Khan*

## 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 19 Employee Benefits	1st July 2014
Amendments to IAS 32 Financial Instruments	1st January 2014
Amendments to IAS 36 Impairment of Assets	1st January 2014
Amendments to IAS 38 Intangible Assets	1st January 2016
Amendments to IAS 16 Property Plant and Equipment	1st January 2016
Amendments to IAS 39 Financial Instruments	1st January 2014
Amendments to IAS 41 Agriculture	1st January 2016

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2014:

IFRS 1 First Time Adoption of International Financial Reporting Standards (Amendments)  
IFRS 9 Financial Instruments  
IFRS 10 Consolidated Financial Statements  
IFRS 11 Joint Arrangements  
IFRS 12 Disclosure of Interests in Other Entities  
IFRS 13 Fair Value Measurement

## 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.

*M. Yousuf*

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.

*Myas*

### **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.

*Myaru*

4 PROPERTY AND EQUIPMENT

Balance at July 01, 2012  
 Additions  
 Balance at June 30, 2013  
 Additions  
 Balance at July 01, 2013  
 Additions  
 Balance at June 30, 2014

Balance at July 01, 2012  
 Charge for the year  
 Balance at 30 June, 2013  
 Charge for the year  
 Balance at 30 June, 2014

Carrying value - 2013

Carrying value - 2014

Rates of depreciation per annum

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

FDB  
 Contingencies  
 Technical Backstopping  
 MDP

10  
 835,892  
 653,040

	FDB			Technical Backstopping			Contingencies			MDP			GIZ	Total
	Furniture and Fixtures	Office Equipment	Vehicles	Office Equipment	Vehicles	Furniture and Fixtures	Office Equipment	Scientific and Other Equipments	Office Equipment	Vehicles	Office Equipment			

509,177	1,281,438	2,489,918	435,696	134,000	394,811	181,424	411,507	-	-	-	68,600	-	5,262,484
68,840	63,500	-	-	-	-	-	-	-	-	-	-	-	613,447
577,617	1,344,938	2,489,918	435,696	134,000	394,811	181,424	411,507	-	-	-	68,600	-	6,039,531
577,617	1,346,938	2,489,918	435,696	134,000	394,811	181,424	411,507	-	-	-	68,600	-	6,039,531
42,271	39,062	312,723	-	-	-	-	285,059	-	-	-	-	-	899,783
620,088	1,386,000	2,802,641	435,696	134,000	394,811	181,424	700,568	-	-	-	68,600	-	6,939,714
119,683	484,364	496,453	246,794	31,811	140,941	144,948	-	-	-	-	-	-	1,665,194
31,488	197,800	248,992	65,334	13,400	39,481	27,214	-	-	-	-	-	-	432,886
171,171	682,364	745,445	312,148	45,311	180,422	177,022	-	-	-	-	-	-	2,318,234
171,171	682,364	745,445	312,148	45,311	180,422	177,022	-	-	-	-	-	-	2,318,234
59,177	204,349	267,235	65,334	13,400	39,481	49,052	-	-	-	-	-	-	432,886
230,248	886,713	1,012,680	377,802	58,611	215,903	211,975	-	-	-	-	-	-	3,153,926
406,416	664,594	1,744,473	133,848	88,799	214,389	9,262	403,329	-	-	-	66,867	-	3,771,697
389,740	499,327	1,789,981	88,494	76,389	174,908	148,617	552,382	-	-	-	42,283	-	3,765,886

Note 2014 (Rupees) 2013

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5	ADVANCES	Note	2014	2013
				(Rupees)
	Advances to employees	5.1	<u>232,040</u>	<u>332,040</u>
			<u>232,040</u>	<u>332,040</u>

5.1 This includes an amount of Rs. 228,310 (2013:228,310) given as advance to Mr. Arif Aslam (Ex Chief Executive Officer).

6	DEPOSITS AND PREPAYMENTS	Note	2014	2013
				(Rupees)
	Security deposits		250,000	150,000
	Prepayments-FDB		452,692	240,092
	Prepayments-MDP		5,000	5,000
			<u>707,692</u>	<u>395,092</u>

#### 7 LOAN AND OTHER RECEIVABLES

	Loan to employees	7.1	208,473	488,368
	Other receivables		203,792	203,792
			<u>412,265</u>	<u>692,160</u>

7.1 Loan Receivables represents loan provided to employees at interest rate of 9.5%.

#### 8 INVESTMENTS - HELD TO MATURITY

	National Bank of Pakistan	8.1	-	68,118,423
	National Bank of Pakistan	8.2	63,098,466	-
	National Bank of Pakistan	8.3	10,070,082	-
			<u>73,168,548</u>	<u>68,118,423</u>

8.1 This represents a term deposit receipt (TDR) having face value Rs. 65 million (2012: Nil) of twelve month maturity on December 27, 2013. TDR carries effective markup rate of 9.50% (2012: Nil) per annum.

8.2 This represents a term deposit receipt (TDR) having face value Rs. 60 million (2013: Nil) of twelve month maturity on December 29, 2014. TDR carries effective markup rate of 10.30% (2013: Nil) per annum.

8.3 This represents a term deposit receipt (TDR) having face value Rs. 10 million (2013: Nil) of one month maturity on July 4, 2014 and is carried on rollover basis. TDR carries effective markup rate of 9.50% (2013: Nil) per annum.

9	CASH AND BANK BALANCES	Note	2014	2013
				(Rupees)
	<b>Cash at bank on</b>			
	Current account		1,046,268	10,125,662
	Saving accounts	9.1	<u>89,722,211</u>	<u>1,133,748</u>
			<u>90,768,479</u>	<u>11,259,410</u>
	<b>Cash in hand</b>		-	-
			<u>90,768,479</u>	<u>11,259,410</u>

9.1 Effective mark up rates in respect of deposit accounts range from 7.5 % to 9 % per annum (2013:8% to 9% per annum).

*M. Aslam*



10.1 Deferred grants		Note	2014	2013
			(Rupees)	
Grant related to:				
	Assets	10.2	3,785,888	4,249,926
	Income	10.2	112,903,586	37,785,137
			<u>116,689,474</u>	<u>42,035,063</u>

#### 10.2 Movement in Deferred grants

	Related to assets		Related to Income	
	2014	2013	2014	2013
	(Rupees)		(Rupees)	
Balance as at July 01	4,249,926	3,761,290	37,785,137	49,507,498
Grant received	-	-	91,913,539	-
Transfers	899,783	1,141,676	(899,783)	(1,141,676)
Amortization/ Depreciation	(835,592)	(653,040)	(16,423,536)	(10,580,685)
Transfers-Reversal of inventory	(528,229)	-	528,229	-
Balance as at June 30	<u>3,785,888</u>	<u>4,249,926</u>	<u>112,903,586</u>	<u>37,785,137</u>

#### 10.3 Audit Fee

Audit fee	100,000	100,000
Out of pocket expenses	-	-
	<u>100,000</u>	<u>100,000</u>

#### 10.4 GIZ Project

Salary and allowance	1,108,919	-
Legal and professional charges	2,505	-
Postage telegram and telephone	207,215	-
Utilities	143,433	-
Rent and taxes	195,000	-
Entertainment	1,305	-
Others	150	-
	<u>1,658,527</u>	<u>-</u>

#### 10.5 Mirpur Hatchry

Travel and boarding	-	14,500
Vehicle running expenses	-	705
Repair and maintenance	-	13,000
Consumables	-	37,832
	<u>-</u>	<u>66,037</u>

#### 10.6 Bral Dam Project

Daily wages	-	18,000
Travel and boarding	-	24,903
	<u>-</u>	<u>42,903</u>

*M. J. Khan*

10.7 Mangla Dam Project	Note	2014	2013
		(Rupees)	
Fish seed		378,109	-
Daily wages		-	119,950
Travel and boarding		8,550	99,000
Vehicle running expenses		9,760	400
Rent, rate and taxes		120,000	25,000
Depreciation		146,563	9,311
Repair and maintenance		9,500	450
Utilities		12,496	-
Entertainment		-	4,250
Cosumables		35,360	187,775
Fish feed		207,000	78,640
Postage telegram and telephone		6,360	-
		<u>933,698</u>	<u>524,776</u>
<b>10.8 Alipur Chatta Farm</b>			
Fish seed		150,120	-
Salary and allowance		80,000	-
Daily wages		52,500	36,600
Travel and boarding		12,760	16,450
Postage telegram and telephone		2,200	-
Fish feed		364,375	33,000
		<u>661,955</u>	<u>86,050</u>
<b>11 TRADE AND OTHER PAYABLES</b>			
Accrued liabilities		322,073	47,175
Other payable		322,838	-
Withholding tax payable		23,950	12,533
Payable to employees		-	2,000
Audit fee payable		100,000	100,000
		<u>768,861</u>	<u>161,708</u>
<b>12 CONTINGENCIES AND COMMITMENTS</b>			
There are no contingencies and commitments at year end (2013: Nil).			
<b>13 OTHER OPERATING INCOME</b>			
Project income-MDP		501,272	1,114,344
Other income		47,500	58,482
Interest income on loans		33,913	18,236
Income from financial assets			
Profit on investments and bank deposits		8,241,886	7,640,890
Income from other than financial assets:			
Liabilities written back		-	507,804
		<u>8,824,571</u>	<u>9,339,756</u>
<b>14 CASH AND CASH EQUIVALENTS</b>			
Investments-held to maturity	8	73,168,548	68,118,423
Cash and bank balances	9	90,768,479	11,259,410
		<u>163,937,027</u>	<u>79,377,833</u>
<b>15 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS</b>			

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. 934,686 (2013: Rs. 1,323,862).

## 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:

	2014	2013
	Rupees	
Deposits	250,000	150,000
Other receivables	412,265	692,160
Investments - held to maturity	73,168,548	68,118,423
Bank balances	<u>90,768,479</u>	<u>11,259,410</u>
	<u>164,599,292</u>	<u>80,219,993</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.

### 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.

	Carrying amount	Contractual cash flows	Within six months	Six to twelve months
<b>2014</b>	<b>Rupees</b>			
<b>Financial liabilities</b>				
Trade and other payables	768,861	768,861	768,861	-
	<u>768,861</u>	<u>768,861</u>	<u>768,861</u>	<u>-</u>
<b>2013</b>				
<b>Financial liabilities</b>				
Trade and other payables	161,708	161,708	161,708	-
	<u>161,708</u>	<u>161,708</u>	<u>161,708</u>	<u>-</u>

*M. J. S.*

### 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	
	2014	2013
	Rupees	
<b>Fixed rate instruments</b>		
Investments - held to maturity	<u>73,168,548</u>	<u>68,118,423</u>
	<u>73,168,548</u>	<u>68,118,423</u>
<b>Variable rate instruments</b>		
Bank balance-Saving account	<u>89,722,211</u>	<u>1,133,748</u>
	<u>89,722,211</u>	<u>1,133,748</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	100 basis points decrease
	Rupees	
<b>Cash flow sensitivity (net)</b>		
<b>Variable rate instruments</b>		
June 30, 2014	<u>1,345,833</u>	<u>(1,345,833)</u>
	<u>1,345,833</u>	<u>(1,345,833)</u>
Variable rate instruments		
June 30, 2013	<u>11,337</u>	<u>(11,337)</u>
	<u>11,337</u>	<u>(11,337)</u>

### 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	2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
		(Rupees)		(Rupees)	
<b>Assets carried at amortized cost</b>					
Deposits		250,000	250,000	150,000	150,000
Loan and other receivables					
Investments - held to maturity		412,265	412,265	692,160	692,160
Bank balances	8	73,168,548	73,168,548	68,118,423	68,118,423
	9	90,505,233	90,768,479	11,259,410	11,259,410
		<u>164,336,046</u>	<u>164,599,292</u>	<u>80,219,993</u>	<u>80,219,993</u>

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Liabilities carried at amortized cost		2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
		(Rupees)		(Rupees)	
Trade and other payables	11	<u>768,861</u>	<u>768,861</u>	<u>161,708</u>	<u>161,708</u>
		<u>768,861</u>	<u>768,861</u>	<u>161,708</u>	<u>161,708</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.

**16.5 Fund management**

Currently Company is partially dependent on the funding from Governemnt of Pakistan for its operational expenses. Company is engaged in new revenue Generating activities of investing in fixed maturity TDRs and new joint venture projects.

**17 GENERAL**

Figures have been rounded off to the nearest Pak Rupee.

**18 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue by the Board of Directors of the Company on 01 DEC 2014.

*Muzamil*

*Syhan*  
CHAIRMAN

*Muzamil*  
CHIEF EXECUTIVE