



FISHERIES DEVELOPMENT BOARD (FDB)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017



RSM Avais Hyder Liaquat Nauman
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS FISHERIES DEVELOPMENT BOARD

We have audited the annexed statement of financial position of **Fisheries Development Board** ("hereinafter referred to as "the Company") as at **June 30, 2017** and the related income & expenditure account, statement of comprehensive income, cash flow statement and statement of changes in fund together with the notes forming part thereof, ("hereinafter referred to as the financial statements), 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 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in these financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of these 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 Companies Ordinance, 1984;
- b. In our opinion:
 - (i) the statement of financial position and income & expenditure account together with the notes thereon have been drawn up in conformity with Companies Ordinance, 1984, and are in agreement with 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 Company's business; and
 - (iii) the business conducted, investments made and 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 statement of financial position, income and expenditure account, statement of cash flow and statement of changes in fund together with the notes forming part thereof, conform with 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 **June 30, 2017** and of the deficit and other comprehensive income, its cash flows and changes in fund for the year then ended; and

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Peshawar : 92 (91) 527 8310/5277205
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- d. In our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XV III of 1980).

AM

Nauman Mahmood

RSM AVAIS HYDER LIAQUAT NAUMAN
CHARTERED ACCOUNTANTS
Engagement Partner: Nauman Mahmood

Date: *March 01, 2018*
Place: Islamabad

FISHERIES DEVELOPMENT BOARD

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

	Note	2017 (Rupees)	2016 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	51,315,292	46,322,034
Intangible Assets	5	1,749,997	1,949,997
		53,065,289	48,272,031
CURRENT ASSETS			
Inventory	6	368,647	3,118,647
Grant Receivable		-	9,976,251
Advances	7	408,498	411,441
Short Term Deposits and Prepayments	8	393,170	753,973
Interest Accrued		3,763	6,302
Other Receivables	9	304,740	721,024
Short Term Investments	10	40,000,000	40,000,000
Cash and Bank balances	11	86,384,623	33,594,017
		127,863,441	88,581,655
TOTAL ASSETS		180,928,730	136,853,686
FUND AND LIABILITIES			
FUND			
Accumulated Surplus		36,805,279	53,883,537
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred Grants	12	139,049,064	68,448,370
CURRENT LIABILITIES			
Accrued and Other Liabilities	13	5,074,387	14,521,779
TOTAL LIABILITIES		144,123,451	82,970,149
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		180,928,730	136,853,686

The annexed notes form 01 to 27 an integral part to these financial statements.



CHAIRMAN

25.01.2018



CHIEF EXECUTIVE

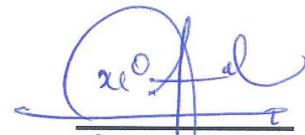
FISHERIES DEVELOPMENT BOARD
 INCOME & EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Note	(Rupees)	(Rupees)
INCOME			
Grant Income	15	55,338,669	112,879,342
Other Operating Income	16	3,295,412	4,081,580
		58,634,081	116,960,922
Other Income	20	1,527,313	-
		60,161,394	116,960,922
EXPENDITURE			
Programme Expenses			
Direct Cost	17	40,816,342	94,721,365
Indirect Cost	18	-	1,421,184
		40,816,342	96,142,549
General & Administrative Expenses	19	36,423,309	30,770,378
		77,239,652	126,912,927
NET (DEFICIT)/SURPLUS FOR THE YEAR		(17,078,258)	(9,952,005)

The annexed notes form 01 to 27 an integral part to these financial statements.

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 CHAIRMAN
 25.01.2018


 CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD

STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE 2017

	(Rupees)
Balance at 1 July, 2015	63,835,542
Surplus / (Deficit) for the year	(9,952,005)
Other Comprehensive Income for the Year	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(9,952,005)
Balance at 30 June, 2016	53,883,537
Surplus / (Deficit) for the year	(17,078,258)
Other Comprehensive Income for the Year	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(17,078,258)
Balance at 30 June, 2017	36,805,279

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The annexed notes form 01 to 27 an integral part to these financial statements.

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CHAIRMAN
25.07.2018

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CHIEF EXECUTIVE

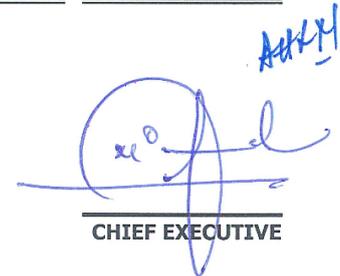
FISHERIES DEVELOPMENT BOARD

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2017

Note	2017 (Rupees)	2016 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (Deficit) for the year	(17,078,258)	(9,952,005)
Adjustment for:		
Depreciation	14,322,328	10,577,396
Amortization	200,000	49,999
Grant Income	(55,338,669)	(112,879,342)
Profit on Investments and Bank Deposits	(3,295,412)	(3,893,498)
Advance Tax written-off	-	617,785
Cash flow before Working Capital Changes	(61,190,012)	(105,527,660)
	(78,268,269)	(115,479,665)
Changes in working capital		
(Increase)/Decrease in Current Assets:		
Inventory	2,750,000	571,353
Grant Receivable	9,976,251	-
Advances	2,943	5,965,759
Deposits and Prepayments	360,803	(398,473)
Loans and Other Receivables	416,284	(721,024)
	13,506,281	5,417,615
(Decrease)/increase in current liabilities:		
Accrued and other liabilities	(9,447,392)	(27,480,422)
	(9,447,392)	(27,480,422)
Cash Generated From Operations	(57,131,122)	(137,542,472)
Grant Received	125,935,600	21,087,600
Income in Project from Shrimp Farming Cluster Development	-	16,370,110
Cash Used in Operations	68,804,478	(100,084,762)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in Property and Equipment	(19,315,585)	(13,629,195)
Additions in Intangible Assets	-	(1,999,996)
Receipt of profit on Investments and Bank Deposits	3,301,716	3,971,770
Net cash generated from investing activities	(16,013,870)	(11,657,421)
Net (decrease)/ Increase in cash and cash equivalents	52,790,608	(111,742,183)
Cash and cash equivalents at the beginning of the year	73,594,015	185,336,198
Cash and cash equivalents at the end of the year	126,384,623	73,594,015

The annexed notes form 01 to 27 an integral part to these financial statements.


CHAIRMAN
28-01-2018


CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE, 2017

1 LEGAL STATUS AND OPERATIONS

Fisheries Development Board (FDB/ the Company), was incorporated on 02 August, 2007 under Section 42 of the Companies Ordinance, 1984, as a company limited by guarantee, having its registered office in Islamabad. The registered office of the Company is situated at 12, Orchard Scheme, Murree Road, Islamabad, with a branch office in Karachi.

The Company has been set up to provide and maintain a platform for enhancing and promoting the fisheries sector in Pakistan, where the participants, professionals and intermediaries may discuss issues of common interest, identify new solutions that enhance the efficiency of the sector, initiate development programs, promote regional and global integration, and 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 the Ministry of Food, Agriculture and Livestock (MINFAL) and is being executed through the following agencies:

- Ministry of Food, Agriculture 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 the 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.

- 1.1** FDB entered into an agreement with Reliance Aqua Farm (Private) Limited (RAFPL), to form a Joint Venture (JV) to execute a project of shrimp farming on commercial basis. Under the terms of the JV agreement RAFPL shall contribute all of its existing infrastructure to FOB for the term of JV, which is for five years. As per the agreement FOB shall invest in repair of ponds, farm inputs, procurement and installation of equipment and hiring of staff for the farm, in the first year of operations; from the second year of operations RAFPL will invest in operational costs like fish seed and feed etc., and utilize the machinery, equipment and ponds renovated by FDB. The net profit shall be disbursed as 60% to FDB and 40% to RAFPL for the first year, and 30% to FDB and 70% to RAFPL in subsequent years. In case of a loss during the first financial year, this will be borne by FDB entirely. Out of the total fourteen ponds owned by RAFPL, FDB shall utilize ten ponds and may sublet the remaining' four ponds to any private sector entrepreneur. For sublet ponds, FDB shall finance the repair of the ponds and installation of equipment, and the lessee shall incur the operational costs of farming, and will payback 30% of the net profit, to be shared equally between FDB and RAFPL.

On 06 March, 2015 FDB sublet four ponds to Sinora Prime Limited (SPL or the partner), for establishing a mutually beneficial joint shrimp farming business, under the terms of the agreement that stipulate that SPL will invest Rs. 10 million for the startup and smooth operation of the business. SPL is entitled to receive 70% of the net income of the joint venture, with the balance 30% of the net income representing FDB's share, As per the agreement, FDB is to provide SPL with all the available infrastructure and equipment installed at the ponds. Under Clause 2 "Management and Control" of the agreement between SPL and FDB, the participants have agreed that the possession of the four ponds, the stock in the ponds (shrimps), allocated feed and associated infrastructure, for the duration of agreement, will vest with SPL.

2 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 (1FRS) 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.

3 BASIS OF PREPARATION

These financial statements have been prepared under the 'historical cost convention', except investments held-to-maturity, which are measured at their fair values.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

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 affects both future and current periods.

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

In the process of applying the Company's accounting policies management has made the following estimate and judgment which is significant to the financial statements:

Property and equipment

The Company reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation on an annual basis. Further, where applicable, an estimate of the recoverable amount of assets is also made for possible impairment, on an annual basis. Any change in the estimates in the future might affect the carrying amount of the respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

3.1 STATUS OF STANDARDS AND INTERPRETATIONS

Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations to approved accounting standards as applicable in Pakistan, would be effective from the dates mentioned below against the respective standard or interpretation.

Standard and amendments	Effective Date (annual periods beginning on or after)
IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendment)	01 January, 2018
IFRS 10 Consolidated Financial Statements, IFRS Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements Investment Entities: Applying the Consolidation Exception (Amendment)	Not yet finalized
IAS 7 Of statement of Cash Flows Disclosure Initiative (Amendments)	01 January, 2017
IAS 12 Recognition of Deferred Tax	01 January, 2017
IAS 28 Investments in Associates and Joint Ventures (Amendments)	01 January, 2018
IAS 40 To clarify transfers or property to, or from, investment property (Amendments)	01 January, 2018

The above amendments are not expected to have a material impact on the Company's financial statements in the period of their initial application.

In addition to the above amendments, improvements to various accounting standards (under the Annual Improvements 2014-16 cycle) have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January, 2017. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements, in the period of initial application.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet effective and not yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

Standards	IASB Effective date
IFRS 1 First-time Adoption of International Financial Reporting Standards	01 January, 2018
IFRS 9 Financial Instruments: Classification and measurement	01 January, 2018
IFRS 14 Regulatory Deferral Accounts	01 January, 2016
IFRS 15 Revenue from Contract with Customers	01 January, 2018
IFRS 16 Leases	01 January, 2019

The following interpretations issued by the IASB have been waived of by SECP:

IFRIC 4	Determining Whether an Arrangement Contains Lease
IFRIC 12	Service Concession Arrangements

Further, the SECP has also notified the application of an Accounting Standard for Not-For-Profit Organizations, issued by the Institute of Chartered Accountants of Pakistan, for companies licensed under section 42 of the Companies Ordinance, 1984, for the annual financial periods beginning on or after 01 July ,2016. The Company is in the process of assessing the implication of adopting this standard.

3.2 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment, if any. Freehold land and buildings are stated at revalued amounts less accumulated depreciation and impairment losses, if any.

Depreciation is charged to the Income and Expenditure Account applying the straight-line method, whereby the cost of an asset is written-off over its estimated useful life. The rates of depreciation are stated in note 5 to the financial statements. Depreciation on additions is charged from the month of acquisition with no charge of depreciation in the month of deletion.

Useful lives are determined by the management based on the expected usage of assets, the expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The assets' residual values, useful lives and methods are reviewed and adjusted, if appropriate, at each financial year end, The effect of any adjustment to residual values, useful lives and methods is recognized prospectively as a change in accounting estimate.

Surplus on revaluation of property and equipment is credited to the surplus on revaluation account. To the extent of incremental depreciation charged on the revalued assets, the related surplus on revaluation is transferred directly to unrestricted funds.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

An item of property and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income and expenditure account in the year the asset is derecognized, and the related surplus on the revaluation is transferred directly to unrestricted funds.

Normal repairs and maintenance costs are charged to the Income and Expenditure Account as and when incurred.

3.2.1 Intangible asset

These are stated at cost less accumulated amortization and impairment, if any.

Amortization is provided for by applying the straight-line method. A full month's amortization is charged in the month of addition, and no amortization is charged in the month of disposal, to the Income and Expenditure Account.

The rate of amortization, which is disclosed in note 6, is designed. to write-off the cost of intangibles over the estimated useful lives of these assets.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of intangible assets is the greater of fair value less costs to sell and value-in-use.

3.2.2 Capital Work-in-Progress

Capital Work-in-Progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made, in respect of operating fixed assets and intangible assets, in - the course of their acquisition, construction and installation.

3.3 Impairment

Financial assets

A financial asset is assessed at each balance sheet 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 the asset.

Non-financial assets

The carrying values of non-financial assets are assessed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the non-financial assets is estimated. An impairment loss is recognized as an expense in the income and expenditure account, for the amount by which the non-financial asset's carrying value exceeds its recoverable amount.

3.4 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the Company's balances of cash in hand, cash at banks and other short-term financial assets, which are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

3.5 Short-term investments

Investments in securities with fixed maturities, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity, and carried at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the Effective Interest Rate method, of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the Effective Interest Rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in the income and expenditure account when the investments are derecognized or impaired, as well as through the amortization process.

3.6 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 events 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.

3.7 Off-setting

A financial asset and 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.

3.8 Foreign currency transactions

These financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Foreign currency transactions, during the year, are recorded at the exchange rates approximating those ruling on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange, which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency, are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair values in a foreign currency, are translated using the exchange rates prevailing at the dates when the fair values were determined.

3.9 Trade and other payables

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

3.10 Provisions

A provision is recognized when, and only when, the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.11 Grant Income

Grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Grants against operating activities

Grants of a non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the income and expenditure account to the extent of expenditure incurred.

Grants against purchase of fixed assets

Grants received for the purchase of fixed assets, are initially recorded as deferred income upon receipt. Subsequently, these are recognized in the income and expenditure account, on a systematic basis, over the periods necessary to match them with the carrying value of the related assets.

3.12 Taxation

The Company being a non-profit organization, is eligible to obtain a tax credit equal to one hundred percent of the tax payable against any income arising from its activities, upon the fulfillment of certain conditions. Accordingly, owing to the available tax credit under clause 100 C, no provision for taxation has been recognised by the Company.

3.13 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based

- i) In the principal market for the asset or liability; or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's Head of Finance determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement. External values may be involved for valuation of significant assets and significant liabilities. For the purpose of fair value disclosures, the Company determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the Asset or Liability, and the level of the fair value hierarchy within which the inputs are categorised.

		2017	2016
		Rupees	Rupees
4.	PROPERTY & EQUIPMENT		
	4.1	51,315,292	46,322,034
		<u>51,315,292</u>	<u>46,322,034</u>

The Company has entered into a joint arrangement with Reliance Aqua Farm (Private) Limited (RAFL) dated 6 March, 2015, to undertake shrimp farming project on a profit sharing basis. The Company is required to contribute capital in the form of equipment, installation costs, supply of fish feed, cost of repair of ponds and other operational expenditure, during the first year of operation at RAFL's existing shrimp farm in Karachi, RAFL will contribute the existing infrastructure at its shrimp farm, and will bear operating costs from the second year of the farm's operation. The joint arrangement agreement is for a period of five years extendable with mutual consent. If the arrangement is terminated by RAFL within five years, the Company is entitled to the return of its equipment.

5. INTANGIBLE ASSETS - Computer Software

As at 01 July 2015

Cost		-
Accumulated Amortization		-
Net Book value		<u>-</u>

Year ended 30 June 2016

Opening net book value		-
Additions	5.1	1,999,996
Amortization Charge		49,999
Closing net book value		<u>1,949,997</u>

As at 30 June 2016

Cost		1,999,996
Accumulated Amortization		49,999
Net book value		<u>1,949,997</u>

Year ended 30 June 2017

Opening net book value		1,949,997
Additions		-
Amortization Charge		200,000
Closing net book value		<u>1,749,997</u>

As at 30 June 2017

Cost		1,999,996
Accumulated Amortization		249,999
Net book value		<u>1,749,997</u>

Annual rate of amortization (%) 10

- 5.1** This represents the SAP accounting software implemented during the year 2015-2016. which is being amortized over a period of ten years.

	2017	2016
	Rupees	Rupees
6. INVENTORY		
Balance as at 01 July	3,118,647	3,690,000
Additions during the year	-	26,435,182
Consumed during the year		
Shrimp Feed	(2,750,000)	(10,700,335)
Shrimp Farm Fertilizer	-	(16,306,200)
	<u>368,647</u>	<u>3,118,647</u>

- 6.1** The Braek-up of Closing balance as follows

Shrimp Feed	-	2,750,000
Shrimp Farm Fertilizer	368,647	368,647
	<u>368,647</u>	<u>3,118,647</u>

7. ADVANCES

Considered Good		
To Employees		
Against Expenses	408,498	17,307
Against Salaries	-	394,134
	<u>408,498</u>	<u>411,441</u>

		2017	2016
		Rupees	Rupees
8.	SHORT TERM DEPOSITS AND PREPAYMENTS		
	Security deposits	250,000	250,000
	Prepayments	143,170	503,973
		<u>393,170</u>	<u>753,973</u>
9.	OTHER RECEIVABLES		
	Other receivables	304,740	721,024
		<u>304,740</u>	<u>721,024</u>
10.	SHORT TERM INVESTMENTS		
	Held-to-Maturity		
	Cost	40,000,000	40,000,000
	Accrued Interest	10.1 3,763	6,302
		<u>40,003,763</u>	<u>40,006,302</u>
	Shown as part of Interest Accrued	(3,763)	(6,302)
		<u>40,000,000</u>	<u>40,000,000</u>
10.1	This represents a TDR, placed with the National Bank of Pakistan, having a face value of Rs. 40 million (2016: Rs. 40 million). The TDR carries mark-up at the rate of 5.75% (2016: 5.75%) per annum, with a maturity period of six month.		
11.	CASH AND BANK BALANCES		
	Cash in hand	20,034	25,184
	Cash at bank:		
	Current accounts	73,771,585	7,014,495
	Saving accounts (Note 11.1)	12,593,004	26,554,338
		<u>86,364,589</u>	<u>33,568,833</u>
		<u>86,384,623</u>	<u>33,594,017</u>
11.1	These carry mark-up at the rates ranging from 4.25% to 4.5% (2016: 4% to 5%) per annum.		
12.	DEFERRED GRANTS		
	Against Purchase of Fixed Assets	12.1 53,069,052	48,272,031
	Against Operating Activities	12.2 85,980,012	20,176,339
		<u>139,049,064</u>	<u>68,448,370</u>
12.1.	Against purchase of fixed assets		
	Opening balance as at 01 July	48,272,031	43,270,233
	Capital grants received during the year	12.2.1 19,319,348	15,629,193
	Recognized in income during the year	15 (14,522,327)	(10,627,395)
		<u>53,069,052</u>	<u>48,272,031</u>
12.2.	Against operating activities		
	Opening balance as at 01 July	10,200,088	90,623,518
	Grants received during the year	12.2.1 135,911,851	21,087,600
	Income from shrimp farming project	12.2.1 -	16,370,110
	Amortization during the year	15 (40,816,342)	(102,251,947)
	Transferred to deferred capital grant	12.2.1 (19,315,585)	(15,629,193)
		<u>85,980,012</u>	<u>10,200,088</u>
	Transferred to Grant Receivable	12.2.1 -	9,976,251
		<u>85,980,012</u>	<u>20,176,339</u>
13.	ACCRUED AND OTHER LIABILITIES		
	Accrued Liabilities	-	396,857
	Other Liabilities		
	Payable to Suppliers	13.1 5,050,896	13,508,865
	Withholding Tax Payable	23,491	68,125
	Payable to employees	-	547,932
		<u>5,074,387</u>	<u>14,124,922</u>
		<u>5,074,387</u>	<u>14,521,779</u>
13.1	This includes amounts payables to Abacus Consultants for the implementation of the SAP accounting software, and Green Max Private Limited, against purchase of the shrimp farm fertilizer.		

14. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as at the end of the current and prior year.

15. GRANT INCOME		2017	2016
		Rupees	Rupees
Recognized against deferred grants for:			
Purchase of Fixed Assets	12.1	14,522,327	10,627,395
Operating Activities	12.2	40,816,342	102,251,947
		<u>55,338,669</u>	<u>112,879,342</u>
16. OTHER OPERATING INCOME			
Income from Financial Assets:			
Profit on investments and Bank Deposits		3,295,412	3,893,498
Income from Non-Financial Assets:			
Others		-	188,082
		<u>3,295,412</u>	<u>4,081,580</u>
16.1	This amount represents interest accrued and interest earned on TRRs placed with National Bank of Pakistan and interest earned on saving account.		
17. PROGRAM EXPENSES-DIRECT COSTS			
GIZ Project		-	27,126,904
Shrimp farming cluster development	17.1	22,766,446	61,068,224
Promotion of Shrimp, Tilapia Polyculture in Pond Co	17.2	918,830	33,037
Human Resource Development through Research and Training in Fisheries department	17.3	17,131,066	6,493,200
		<u>40,816,342</u>	<u>94,721,365</u>
17.1 Shrimp farming cluster development			
Salaries and Allowances		2,295,000	6,181,173
Daily Wages		1,638,600	-
Utilities		328,910	694,154
Communication		-	365,092
Rent, rate and taxes		1,755,518	984,000
Vehicle running expenses		1,099,912	625,660
Consultancy Charges		1,500,000	3,203,023
Printing and Stationery		95,211	21,266
Repair and Maintenance		5,068,853	15,350
Consumables		-	6,360,078
Shrimp Pond Fertilizer		6,460,000	10,700,335
Fish Feed		-	21,564,100
Postage, Telegram and Telephone		44,600	-
Travelling and Boarding		285,938	197,471
Generator Fuel		-	4,039,774
Generator Rental		-	2,663,812
Shrimp Processing Charges		-	3,259,237
Bank Charges		47,815	128,517
Advertisement		97,893	65,182
Misc. Expenses		2,048,196	-
		<u>22,766,446</u>	<u>61,068,224</u>
17.2 Promotion of Shrimp, Tilapia Polyculture in Pond Conditions			
Daily Wages		30,400	32,000
Fish Feed		520,739	-
Travelling and Boarding		38,350	-
Vehicle running expenses		6,075	-
Repair and Maintenance		600	-
Bank Charges		2,083	1,037
Misc. Expenses		320,583	-
		<u>918,830</u>	<u>33,037</u>

		2017	2016
		Rupees	Rupees
17.3 Human Resource Development through Research and Training in Fisheries department			
Travelling and Boarding		3,092,680	1,478,200
Printing and Stationery		19,141	-
Trainings		13,982,717	5,000,000
Rent, Rate & Taxes		-	15,000
Misc. Expenses		36,528	-
		<u>17,131,066</u>	<u>6,493,200</u>
18. INDIRECT COSTS			
GIZ Project-FDB Indirect Cost		-	1,421,184
Shrimp farming cluster development		-	-
Polyculture Shrimp Tilapia		-	-
Human Resource Development through Research and Training in Fisheries department		-	-
		<u>-</u>	<u>1,421,184</u>
19. GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and Allowances		10,920,059	8,659,155
Daily Wages		740,200	986,800
Travelling and Boarding		3,530,521	5,334,491
Legal and Professional charges		526,600	164,700
Vehicle running expenses		676,433	995,301
Postage, Telegram and Telephone		111,185	447,311
Printing and Stationery		282,520	24,868
Utilities		842,026	309,153
Rent, rate and taxes		883,301	716,123
Entertainment		-	179,692
Fish Feed		548,794	25,125
Auditor's remuneration		230,000	359,500
Depreciation	4.1	14,322,328	10,577,396
Amortization	5	200,000	49,999
Repair and Maintenance		992,124	258,909
Consumables		-	330,285
Medical Insurance		594,173	485,881
Advertisement		267,565	23,798
Transportation Charges		299,817	160,405
Trainings		152,929	26,000
Bank Charges		31,500	30,094
Misc. Expenses		271,235	-
Advance tax written-off		-	625,392
		<u>36,423,309</u>	<u>30,770,378</u>
20. OTHER INCOME			
Other Operating Income	20.1	1,527,313	-
		<u>1,527,313</u>	<u>-</u>
20.1	This amount represents Tender Income and other income.		
21. CASH AND CASH EQUIVALENTS			
Short-Term Investments		40,000,000	40,000,000
Cash and bank Balances		86,384,623	33,594,017
		<u>126,384,623</u>	<u>73,594,017</u>

22 TRANSACTION WITH RELATED PARTIES

The related parties of the Company comprise the Government of Pakistan, directors and key management personnel. Transactions with related parties and amounts due from(to) related parties are disclosed in the relevant notes to the financial statements. The Company in the normal course of business pays for electricity, gas and telephone (utility bills) to entities controlled by the Government of Pakistan, which are not material, and hence not disclosed in these financial statements.

23 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- i) Credit risk
- ii) Liquidity risk
- iii) Market risk

The Board of Directors has the 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 analyze 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 the 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.

23.1 Concentration of credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from its operating activities.

The Company's credit risk is primarily attributable to its grant receivable against operating activities, deposits, advances to employees, receivable from subsidiary company, other receivables and, investments and balances with banks. The credit risk on balances with banks is very minimal. The Company attempts to control credit risk by keeping track of its expenditure in respect of various projects and obtaining advance funding for project activity from the donor. The Company is not materially exposed to credit risk.

The Company establishes an allowance for impairment that represents its estimates of incurred losses in respect of grants and other receivables.

23.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the reporting date was against:

	2017	2016
Note	-----Rupees-----	-----
Deposits and prepayments	8 250,000	250,000
Other receivables	9 304,740	721,024
Short-term investments	10 40,000,000	40,000,000
Bank balances	11 <u>86,384,623</u>	<u>33,568,833</u>
	<u>126,939,363</u>	<u>74,539,857</u>

23.3 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 risk is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected cash outflows during its operating cycle. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2017	2016
	-----Rupees-----	
Accrued and other liabilities		
Within one year	5,074,387	14,453,654
Between one and five years	-	-
	<u>5,074,387</u>	<u>14,453,654</u>

23.4 Market risk

Market risk is the risk that results from changes in market prices such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

23.5 Interest rate risk

The interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to 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:

	2017	2016
	-----Rupees-----	
Fixed rate instruments		
Short-term investments	<u>40,000,000</u>	<u>40,000,000</u>
Variable rate instruments		
Bank balance - saving account	<u>12,593,004</u>	<u>26,554,338</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) the surplus by the following amounts, assuming that all other variables remain constant.

	Impact on	
	100 basis points Increase	100 basis points Decrease
Cash flow sensitivity (net)		
Variable rate instruments	<u>125,930</u>	<u>(125,930)</u>
30 June, 2017	<u>125,930</u>	<u>(125,930)</u>
Variable rate instruments	<u>265,543</u>	<u>(265,543)</u>
30 June, 2016	<u>265,543</u>	<u>(265,543)</u>

23.6 Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities approximate their fair values.

23.7 Fund Management

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

24 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND DIRECTORS

24.1 The Company has not paid any remuneration to its Chief Executive and directors. However, expenses relating to the meetings of the Board of Directors, held during the year, amounted to Rs. 1,634,415 (2016: Rs. 397,530)

25 NUMBER OF EMPLOYEES

Number of persons employed at the period end
Average number of employees during the period

-----2017-----	-----2016-----
<u>24</u>	<u>28</u>
<u>26</u>	<u>31</u>

26 DATE OF AUTHORIZATION

These financial statements were authorized for issue on March 9, 2018 by the Board of Directors of the Company.

27 GENERAL

The amounts presented in these financial statements have been rounded-off to the nearest Pak Rupee.


Chairman
25.01.2018


Chief Executive

FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS

4.1 'OPERATING FIXED ASSETS

	OPERATING FIXED ASSETS					Total
	Fish Farming Properties	Furniture & Fixtures	Office Equipment	Vehicles	Scientific & Other Equipment	
	----- Rupees -----					
As at 30 June 2015						
Cost	-	2,190,515	4,336,352	3,004,661	17,261,777	26,793,305
Accumulated depreciation	-	564,794	2,019,415	1,379,690	942,412	4,906,311
Net book value	-	1,625,721	2,316,937	1,624,971	16,319,365	21,886,994
Year ended 30 June 2016						
Opening net book value	-	1,625,721	2,316,937	1,624,971	16,319,365	21,886,994
Additions	22,945,597	372,598	182,518	100,000	11,411,723	35,012,436
Disposals:						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Depreciation charge	4,589,119	240,786	567,044	303,799	4,876,648	10,577,396
Closing net book value	18,356,478	1,757,533	1,932,411	1,421,172	22,854,440	46,322,034
As at 30 June 2016						
Cost	22,945,597	2,563,113	4,518,870	3,104,661	28,673,500	61,805,741
Accumulated depreciation	4,589,119	805,580	2,586,459	1,683,489	5,819,060	15,483,707
Net book value	18,356,478	1,757,533	1,932,411	1,421,172	22,854,440	46,322,034
Year ended 30 June 2017						
Opening net book value	18,356,478	1,757,533	1,932,411	1,421,172	22,854,440	46,322,034
Additions	4,012,811	157,659	1,154,772	16,600	13,973,744	19,315,585
Disposals:						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Depreciation charge	5,292,957	265,386	835,032	312,126	7,616,826	14,322,328
Closing net book value	17,076,332	1,649,806	2,252,151	1,125,646	29,211,358	51,315,292
As at 30 June 2017						
Cost	26,958,408	2,720,772	5,673,642	3,121,261	42,647,244	81,121,326
Accumulated depreciation	9,882,076	1,070,966	3,421,491	1,995,615	13,435,886	29,806,035
Net book value	17,076,332	1,649,806	2,252,151	1,125,646	29,211,358	51,315,292
Depreciation rate(%)	20	10	15	10	20	

FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS

12.2.1 Project wise movement in grants against operating activities

Project Name	Opening Balance as at 01 July, 2016		Break-up of Closing Balance as at 30 June, 2017					Total unspent grants/ (grants receivable)
	Unspent grants/ (grants receivable)	Grant Received during the Year	Income from Project	Transfers	Grant recognized in Income Statement	Transferred to Deferred Grant against purchase of Fixed Assets	Closing Balance as at 30 June, 2017	
Head Office (FDB Component)	-	-	-	872,600	-	(192,118)	680,482	680,482
Shrimp Farming Cluster Development to enhance supply of Raw material for sea food industry of Pakistan (SCDP)	7,553,773	68,063,000	-	-	(22,766,446)	(19,123,467)	33,726,860	33,726,860
Technology Transfer through training and technical backstopping in the fisheries and aqua culture sector (GIZ Project)	(9,976,251)	10,848,851	-	(872,600)	-	-	-	-
Human Resource Development through Research and Training in Fisheries department (HRRT)	11,510,603	7,000,000	-	-	(17,131,066)	-	1,379,537	1,379,537
Promotion of Shrimp, Tilapia Polyculture in Pond Conditions (PSTPC)	1,111,963	-	-	-	(918,830)	-	193,133	193,133
Establishment of Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh	-	50,000,000	-	-	-	-	50,000,000	50,000,000
	10,200,088	135,911,851	-	-	(40,816,342)	(19,315,585)	85,980,012	85,980,012

Rupees