

**Fisheries Development Board
Company Limited by Guarantee**

Financial Statements

For the year ended June 30, 2019



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INDEPENDENT AUDITOR'S REPORT

To The Members of Fisheries Development Board

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Fisheries Development Board (the Company), which comprise the statement of financial position as at 30 June 2019, the income and expenditure statement, the statement of changes in fund, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of changes in fund, and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2019 and of the deficit, other comprehensive income, the changes in fund, and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to Board of Directors. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit, conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matter

The financial statements of the Company for the year ended June 30, 2018 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements on March 29, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shahzad Ali.


Chartered Accountants

Place: Islamabad

Date: March 13, 2020

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 -----Pak Rupees-----	2018
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	17,449,866	26,505,936
Intangible asset	6	1,650,708	1,886,436
		19,100,574	28,392,372
CURRENT ASSETS			
Inventory	7	-	368,647
Grant receivable		-	213,210
Advances	8	100,949	112,399
Deposits and short-term prepayments	9	898,712	1,008,033
Interest accrued		214,024	218,715
Other receivables	10	340,652	458,152
Short-term investments	11	-	20,000,000
Cash and bank balances	12	334,415,761	56,754,620
		335,970,098	79,133,776
TOTAL ASSETS		355,070,672	107,526,148
FUND AND LIABILITIES			
FUND			
Endowment Fund		300,000,000	-
Accumulated (deficit)/surplus		(5,659,455)	18,672,068
TOTAL FUND		294,340,545	18,672,068
NON-CURRENT LIABILITIES			
Deferred grants	13	56,124,401	85,483,397
CURRENT LIABILITIES			
Accrued and other liabilities	14	4,605,726	3,370,683
TOTAL LIABILITIES		60,730,127	88,854,080
TOTAL FUND AND LIABILITIES		355,070,672	107,526,148
CONTINGENCIES AND COMMITMENTS			
	15		

The annexed notes from 1 to 28 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

INCOME	Note	2019 -----Pak Rupees-----	2018
Grant income	16	46,310,996	71,759,442
Other operating income	17	<u>1,324,177</u>	<u>2,480,889</u>
		47,635,173	74,240,331
Other income	18	<u>20,000</u>	<u>38,928</u>
		47,655,173	74,279,259
EXPENDITURE			
Programme expenses - direct costs	19	23,933,837	16,096,116
Other operating expense	20	15,511,905	38,217,234
Administrative expenses	21	<u>32,540,954</u>	<u>38,099,120</u>
		71,986,696	92,412,470
DEFICIT FOR THE YEAR		<u>(24,331,523)</u>	<u>(18,133,211)</u>
Other comprehensive income for the year		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(24,331,523)</u>	<u>(18,133,211)</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.



CHAIRMAN



CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED 30 JUNE, 2019

	FUND		
	Accumulated Surplus / (Deficit)	Endowment fund	Total
	-----Pak Rupees-----		
Balance at 01 July 2017	36,805,279	-	36,805,279
Total comprehensive income for the year			
Deficit for the year	(18,133,211)	-	(18,133,211)
Other Comprehensive Income for the year	-	-	-
Total Comprehensive Loss for the year	(18,133,211)	-	(18,133,211)
Balance at 30 June 2018	18,672,068	-	18,672,068
Total comprehensive income for the year			
Deficit for the year	(24,331,523)	-	(24,331,523)
Received during the year	-	300,000,000	300,000,000
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	(24,331,523)	300,000,000	275,668,477
Balance at 30 June 2019	(5,659,455)	300,000,000	294,340,545

The annexed notes from 1 to 28 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Act, 2017)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 -----Pak Rupees-----	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit for the year		(24,331,523)	(18,133,211)
Adjustments for non-cash and other items:			
Depreciation	5.3	6,629,526	16,296,631
Amortization	6	235,728	220,841
Grant income	16	(46,310,996)	(71,759,442)
Write-off of property and equipment	21	-	928,620
Other operating expense (impairment loss)	20	15,511,905	38,217,234
Profit on investments and bank deposits	17	(1,324,177)	(2,480,889)
		<u>(25,258,014)</u>	<u>(18,577,005)</u>
		(49,589,537)	(36,710,216)
Working capital changes:			
Decrease / (increase) in current assets			
Inventory		368,647	-
Grant receivable		213,210	-
Advances		11,450	296,099
Deposits and short-term prepayments		109,321	(614,863)
Other receivables		117,500	(153,412)
Increase/ (decrease) in current liabilities			
Increase in trade and other payables		1,235,043	(1,703,704)
Cash generated from / (used in) operations		2,055,171	(2,175,880)
Grant received		316,952,000	17,980,565
Net cash generated from / (used in) operating activities		269,417,634	(20,905,531)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment		(13,085,361)	(30,633,129)
Decrease in short-term investments		20,000,000	20,000,000
Additions in intangible assets		-	(357,280)
Receipt of profit on investments and bank deposits		1,328,868	2,265,937
Net cash generated from / (used in) investing activities		8,243,507	(8,724,472)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		277,661,141	(29,630,003)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		56,754,620	86,384,623
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	<u>334,415,761</u>	<u>56,754,620</u>

The annexed notes from 1 to 28 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE

FISHERIES DEVELOPMENT BOARD
(A Company registered under Section 42 of the Companies Ordinance, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 (replaced by the Companies Act, 2017 with effect from 30 May, 2017), as a company limited by guarantee. The registered office of the Company is situated at Plot 12, Orchard Scheme, Murree Road, Islamabad.

Geographical location and address of business units

Locations	Purpose
(a) Plot 12, Orchard Scheme, Murree Road, Islamabad	Head Office
(b) B-111 13D/2 Gulshan Iqbal, Karachi	Regional Office
(c) Agha Rizvi house, division road Alamdar chowk, Skardu	Regional Office

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 operations of the Company are being run and administered by Ministry of National Food Security and Research (formerly Ministry of Food, Agriculture and Livestock).

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 National Food Security and Research (formerly MINFAL)
 - Fisheries Management Wing (FMW)
 - Marine Fisheries Department (MFD)
 - Pakistan Agricultural Research Council (PARC)
- Line department of provinces and special areas
- Private sector / NGOs

1.1 Joint Arrangements

- a) On 06 March 2015, FDB entered into an agreement with Reliance Aqua Farm (Private) Limited (RAFPL), to execute a project of shrimp farming on commercial basis. Under the terms of the arrangement, RAFPL shall contribute all of its existing infrastructure to the joint arrangement for the term of the agreement; i.e. five years. As per the agreement, FDB 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 between FDB and RAFPL at 60:40 in the first year, and 30:70 in subsequent years, respectively. Any loss during the first financial year will however, be borne by FDB entirely. Management interprets that any loss in subsequent years is to be borne by RAFPL and FDB will not bear any liability in this respect.

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.

- b) FDB entered into an agreement on 12 May 2018 with Modern Aqua Culture for a period of one year, to execute a project of shrimp fish farming. As mentioned in point (a) above that FDB may sublet the ponds to private sector entrepreneur, FDB has sublet the three ponds to Modern Aqua Culture. Under the terms of the agreement between Modern Aqua Culture and FDB, Modern Aqua Culture will bear all operational cost including site labor, foreign consultant salary, shrimp seed and feeds, fertilizer, medicine, diesel consumption for water pumping and FDB will provide infrastructure in working condition such as equipment including aerators, electrical and mechanical machinery. The income of the arrangement will be calculated after deducting from the sale proceeds all actual operating cost/expenses (invested as operational cost and agreed by FDB). 30% of the net income from the arrangement will be shared between FDB and RAFPL equally, as per the terms of the agreement mentioned in point (a) above.
During the year the agreement between both the parties have been terminated at completion of one year period with mutual consent.
- c) FDB entered into an agreement on 25 May 2018 with Maritime Seafood for a period of one year, to execute a project of shrimp fish farming. As mentioned in point (a) above that FDB may sublet the ponds to private sector entrepreneur, FDB has sublet the four ponds to Maritime Seafood. Under the terms of the agreement between Maritime Seafood and FDB, Maritime Seafood will bear all operational cost including site labor, foreign consultant salary, shrimp seed and feeds, fertilizer, medicine, diesel consumption for water pumping and FDB will provide infrastructure in working condition such as equipment including aerators, electrical and mechanical machinery. The income of the arrangement will be calculated after deducting from the sale proceeds all actual operating cost/expenses (invested as operational cost and agreed by FDB). 30% of the net income from the arrangement will be shared between FDB and RAFPL equally, as per the terms of the agreement mentioned in point (a) above.
During the year the agreement between both the parties have been terminated at completion of one year period with mutual consent.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or the Accounting Standard for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF PREPARATION

These financial statements have been prepared under the 'historical cost convention'.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting 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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year of the revision in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

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 (note 5)

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.

4.2 Amendments in standards

The following standards, amendments and interpretations are effective for the year ended June 30, 2019.

	Effective from accounting period beginning on or after
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue from Contracts with Customers' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

IFRS 9 Financial Instruments:

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39.

IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) Impairment of financial assets and iii) hedge accounting. Details of these new requirements as well as their impact on the Company's financial statements are described below:

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification and measurement and impairment. This means that the cumulative impact of the adoption has been recognized in unappropriated profit as of July 1, 2018 and that comparatives are not restated.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification and measurement and impairment. This means that the cumulative impact of the adoption has been recognized in unappropriated profit as of July 1, 2018 and that comparatives are not restated.

Classification and measurement of financial assets and financial liabilities

This new standard requires the Company to assess the classification of financial assets in its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial asset.

IFRS 9 no longer has an "Available for Sale" classification for financial assets. IFRS 9 has different requirements for debt and equity financial assets.

Debt instrument should be classified and measured at either:

- amortised cost, where the effective interest rate method will apply;
- fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss

Investment in equity instruments, other than those to which consolidation or equity accounting applies should be classified and measured at:

- fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss

The application of IFRS 9 has had no material impact on the classification and measurement of the Company's financial liabilities.

The Securities and Exchange Commission of Pakistan (SECP) vide S.R.O. 985(i)/2019 dated September 02, 2019 has deferred the requirements contained in IFRS-9 with respect to application of expected credit loss method for companies holding financial assets due from Government of Pakistan till June 30, 2021.

Impairment of financial assets

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaced the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets, since initial recognition, irrespective of whether a loss event has occurred or not. The impairment methodology depends on whether there has been a significant increase in credit risk. For financial assets advances, deposits, other receivables and cash and bank balances the Company measures ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

IFRS 15 'Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5 - step approach to revenue recognition.

- Step 1 Identify the contract with a customer
- Step 2 Identify the performance obligations in the contract
- Step 3 Determine the transaction price
- Step 4 Allocate the transaction price to the performance obligations in the contract
- Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

The Company has assessed the impact of IFRS-15 on its financial statements and concluded that the impact is immaterial.

Other standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

4.3 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business.	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

IFRS 16 'Leases' replaces the previous lease standard: IAS 17 Leases and is effective from annual accounting period beginning on or after January 01, 2019. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

Management is in the process of assessing the impact of changes laid down by this standard on its financial statements.

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

4.4 Property and equipment

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

Depreciation is charged to the income and expenditure statement 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 6 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.

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 statement 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 statement as and when incurred.

4.4.1 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 statement.

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.

4.4.2 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.

4.5 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 and cash at banks, 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.

4.6 Financial Instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of the financial assets and financial liabilities are taken to the income and expenditure account immediately.

4.7 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position, if the Company has a legally enforceable right to set-off the recognized amounts, and intends either to settle these on a net basis, or to realize the assets and settle the liabilities, simultaneously.

4.8 Foreign currency transactions

These financial statements are presented in Pak Rupees, which is the Company'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 reporting 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.

4.9 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.

4.10 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 reporting date and adjusted to reflect the current best estimate.

4.11 Impairment

Financial assets

A financial asset is assessed at each reporting date, to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired, if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

Non-financial assets

The carrying values of non-financial assets are assessed at each reporting 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 statement, for the amount by which the non-financial asset's carrying value exceeds its recoverable amount.

4.12 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 statement on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

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 statement, on a systematic basis, over the periods and in the proportions in which depreciation expense on those assets is recognised.

4.13 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

Deffered Tax

The Company accounts for deferred taxation on all temporary differences, using the balance sheet liability method. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible timing differences, unused tax losses and tax credits can be utilized.

Deffered tax asset has not been recognised due to uncertainty of taxable profit as of balance sheet date.

4.14 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 on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- 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 Chief Financial Officer 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, as explained above.

The Company does not measure any of its assets or liabilities at fair value.

4.15 Transactions with Joint Operations

A joint arrangement is one in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing the control. Under IFRS 11, investment in joint arrangement are classified as either joint operations or joint ventures depending on the contractual right and obligations of the parties to the arrangement. The Company has assessed the nature of its joint arrangements mentioned in note 1.1, and determined them to be joint operations.

The Company has contractual arrangements in the joint operations, mentioned in note 1.1, with other partners to engage in joint activities, where all significant matters of operating and financial policies are determined by the partners, such that the Company itself has no significant independence to pursue its own commercial strategy. The financial statements of the Company include its assets (which is 100%), share of revenues and expenses in such joint operations which is pro rata to Company's interest in the joint operations as disclosed in note 1.1.

4.16 Unrestricted fund

(a) Accumulated surplus

This represents surplus generated from the Company's operations, and is available for utilization for the day to day operations of the Company.

5 PROPERTY AND EQUIPMENT

Note	COST				ACCUMULATED DEPRECIATION / IMPAIRMENT				WRITTEN DOWN VALUE		
	As at 01 July 2018	Additions	Write-off	As at 30 June 2019	Rate %	As at 01 July, 2018	Charge for the year	Impairment (note 5.4)	Write-off	As at 30 June 2019	As at 30 June 2019
	Pak Rupees										
2019											
5.1	26,958,407	1,739,519	-	28,697,926	20	26,428,060	156,353	2,113,513	-	28,697,926	-
	3,066,191	948,541	-	4,014,732	10	2,205,039	236,289	893,541	-	3,334,849	679,893
	11,268,517	410,650	-	11,679,167	15	9,486,189	337,697	1,452,643	-	11,276,529	402,638
	5,915,633	289,900	-	6,175,533	10	2,365,290	593,764	490,454	-	3,449,508	2,726,025
5.1	52,413,541	4,822,038	-	57,235,579	20	42,694,575	2,620,426	10,561,754	-	55,876,755	1,358,824
5.2	10,375,853	4,904,713	-	15,280,566	20	313,053	2,685,017	-	-	2,998,070	12,282,496
	109,898,142	13,065,361	-	123,083,503		83,492,206	6,629,526	15,511,905	-	105,633,637	17,449,866

Note	COST				ACCUMULATED DEPRECIATION / IMPAIRMENT				WRITTEN DOWN VALUE		
	As at 01 July 2017	Additions	Write-off	As at 30 June 2018	Rate %	As at 01 July, 2017	Charge for the year	Impairment (note 5.4)	Write-off	As at 30 June 2018	As at 30 June 2018
	Pak Rupees										
2018											
5.1	26,958,407	680,186	(334,767)	26,958,407	20	9,822,076	5,426,793	11,119,191	-	26,428,060	530,347
	2,720,772	5,676,309	(81,434)	3,066,191	10	1,070,966	312,049	914,402	(92,378)	2,205,039	861,152
	5,673,642	2,794,372	-	5,915,633	15	3,421,491	905,816	5,192,095	(33,213)	9,486,189	1,782,328
	3,121,261	11,106,409 *	(1,340,112)	52,413,541	20	13,435,896	8,969,245	20,991,546	(702,102)	23,665,290	3,550,343
	42,647,244	10,375,853	-	10,375,853	20	313,053	313,053	-	-	42,694,575	9,718,966
	81,121,326	30,633,129	(1,756,313)	109,998,142		29,806,034	16,296,631	38,217,234	(827,693)	83,492,206	26,595,936

* Additions during the year under the category 'Scientific and other equipment' includes equipments purchased for the project 'Establishment of Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh' amounting to Rs. 4,672,629.

5.1 This represented expenditure incurred on civil works and acquisition of equipment, to be installed on shrimp farms in Karachi. 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 operations. 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.

In previous year, an impairment loss of Rs. 38,217 million had been recorded in respect of Shrimp fish farming project (refer to note 5.4). During the year remaining net book value of Shrimp fish farming project amounting to Rs. 2,065 million has been recorded as impairment and completely written off from the accounts.

5.2 This represented expenditure incurred on purchases of cages, to be used in Trout Cage Farming project in Gilgit Baltistan area.

5.3 The depreciation expense is charged to administrative expenses (note 21).

5.4 The management of the Company has identified three Cash Generating Units (CGU), namely Shrimp fish farming, Trout fish cage farming and Pen fish farming. Each represents a group of assets for the execution of respective projects of the Company. The identification of assets for each CGUs has remained consistent from previous years. The management carries out impairment testing as required under IAS 36 - 'Impairment of Assets'.

The management considers the net income generated from the CGUs in previous years and the forecasted net income from the CGUs, amongst other factors, while reviewing for indicators of impairment. In respect of Shrimp fish farming CGU, the project generated net income during the first year only and incurred net loss in next years. This triggered the impairment testing of Shrimp fish farming CGU. The recoverable amount has been determined using 'value-in-use' computations. In assessing the value-in-use, estimated future cash flows are discounted to their present values, using a pre-tax discount rate. The pre-tax discount rate reflects current market assessments of the time value of money. The pre-tax discount rate applied to the cash flow projections is 15%, determined with reference to current market situation.

As a result of the above-stated factors, the Company had recorded an impairment loss of Rs. 38.217 million in previous year, while remaining book value of these assets amounting to Rs. 2.065 million has been recorded as impairment loss in current year as there are no future cash flows expected from those assets, impairment loss has been allocated in accordance with IAS-36.

In respect of Pen fish farming, the Company has not generated any income yet, this triggered the impairment testing of Pen fish farming CGU. Accordingly, an impairment loss of Rs. 13.446 million has been recorded in the current year.

The impairment loss has been recognized in income and expenditure statement under account head "Other Operating expense".

	Carrying value before impairment	Value-in-use	Impairment
Property and equipment	15,511,905	-	15,511,905
		2019	2018
6 INTANGIBLE ASSET	Note	-----Pak Rupees-----	
Cost			
Balance as at 01 July		2,357,276	1,999,996
Additions during the year		-	357,280
		<u>2,357,276</u>	<u>2,357,276</u>
Accumulated amortization			
Balance as at 01 July		(470,840)	(249,999)
Charge for the year		(235,728)	(220,841)
		<u>(706,568)</u>	<u>(470,840)</u>
Balance as at 30 June		<u>1,650,708</u>	<u>1,886,436</u>
Amortization rate		<u>10%</u>	<u>10%</u>
		2019	2018
7 INVENTORY	Note	-----Pak Rupees-----	
Shrimp farm fertilizer		<u>368,647</u>	368,647
7.1 Movement during the year is as follows:			
Balance as at 01 July		368,647	368,647
Consumed during the year		(368,647)	
Shrimp feed		-	-
		<u>-</u>	<u>368,647</u>
8 ADVANCES			
Considered good			
To employees against expenses		<u>100,949</u>	112,399
9 DEPOSITS AND SHORT-TERM PREPAYMENTS			
Security deposits		250,000	250,000
Prepayments	9.1	<u>648,712</u>	758,033
		<u>898,712</u>	<u>1,008,033</u>
9.1	This represents prepayments against the rent of buildings, SAP maintenance cost and medical insurance.		

	Note	2019 -----Pak Rupees-----	2018
10 OTHER RECEIVABLES		<u>340,652</u>	<u>458,152</u>
10.1 This includes receivable of Rs. 249,311 from employees of FDB against payment of adjusted EOBI on their behalf to EOBI department.			
		2019	2018
		-----Pak Rupees-----	
11 SHORT-TERM INVESTMENTS			
-At amortized cost			
Cost		-	20,000,000
Accrued interest		-	4,691
		-	20,004,691
Shown as part of interest accrued		-	(4,691)
		-	20,000,000
12 CASH AND BANK BALANCES			
Cash in hand		33,198	-
At banks in			
- Current accounts		25,233,188	43,560,705
- Savings accounts	12.1	309,149,375	13,193,915
		334,382,563	56,754,620
		<u>334,415,761</u>	<u>56,754,620</u>
12.1 These carry mark-up at the rates ranging from 3.5% to 4% (2018: 4% to 6%) per annum.			
		2019	2018
		-----Pak Rupees-----	
13 DEFERRED GRANTS	Note		
Against purchase of fixed assets	13.1	19,104,338	28,396,135
Against operating activities	13.2	37,020,064	57,087,262
		<u>56,124,401</u>	<u>85,483,397</u>
13.1 Against purchase of fixed assets			
Balance as at 01 July	13.2.1	28,396,135	53,069,052
		13,085,361	30,990,409
Addition in deferred capital grant during the year			
Recognized in income during the year	5 & 6	(6,865,254)	(16,517,472)
- Due to depreciation and amortization	5	-	(928,620)
- Due to write-off of property and equipment	5	(15,511,905)	(38,217,234)
- Due to impairment of property and equipment	16	(22,377,159)	(55,663,326)
		<u>19,104,338</u>	<u>28,396,135</u>
13.2 Against operating activities			
Balance as at 01 July		57,087,262	85,980,012
Grant received during the year		21,582,000	18,194,000
Grant lapsed during the year		(4,630,000)	(213,435)
Grant recognised during the year - net		(23,933,837)	(16,096,116)
Amortization during the year		(13,085,361)	(30,990,409)
Transferred to deferred capital grant		37,020,064	56,874,052
		-	213,210
Transferred to grant receivable	13.2.1	<u>37,020,064</u>	<u>57,087,262</u>

		2019	2018
	Note	-----Pak Rupees-----	
14 ACCRUED AND OTHER LIABILITIES			
Accrued liabilities		330,000	840,267
Other liabilities			
Payable to suppliers		4,149,832	2,502,151
Withholding tax payable		125,894	28,265
		4,275,726	2,530,416
		4,605,726	3,370,683
15 CONTINGENCIES AND COMMITMENTS			
There are no contingencies and commitments as at the end of the current and prior year.			
		2019	2018
	Note	-----Pak Rupees-----	
16 GRANT INCOME			
Recognized against deferred grants for:			
Purchase of fixed assets	13.1	22,377,159	55,663,326
Operating activities	13.2	23,933,837	16,096,116
		46,310,996	71,759,442
17 OTHER OPERATING INCOME			
Income from financial assets			
Profit on investments and bank deposits	17.1	1,324,177	2,480,889
17.1	This amount represents interest earned on TDRs placed with National Bank of Pakistan and interest earned on the savings account.		
		2019	2018
	Note	-----Pak Rupees-----	
18 OTHER INCOME			
Tender income		20,000	38,928
19 PROGRAMME EXPENSES - DIRECT COSTS			
Shrimp Farming Cluster Development to enhance supply of raw material for sea food industry of Pakistan	19.1	4,641,624	6,040,161
Human resource development through research and training in fisheries department	19.2	-	198,975
Establishment of Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh	19.3	7,394,335	4,208,589
Establishment of Trout Cage Farming in Gilgit Baltistan area	19.4	11,897,878	5,648,391
		23,933,837	16,096,116

19.1 The break-up of expenses for shrimp farming cluster development, is as follows:

	2019	2018
	-----Pak Rupees-----	
Salaries and allowances	1,736,958	930,331
Daily wages	1,090,200	1,729,500
Utilities	-	268,998
Rent, rate and taxes	-	248,400
Vehicle running expenses	-	81,568
Printing and stationery	-	12,297
Repair and maintenance	1,338,960	1,665,380
Postage, telegram and telephone	-	17,050
Travelling and boarding	-	189,462
Bank charges	3,051	4,073
Advertisement	85,808	193,836
Miscellaneous expenses	386,647	699,266
	<u>4,641,624</u>	<u>6,040,161</u>

19.2 The break-up of expenses for human resource development through research and training in fisheries department is as follows:

	2019	2018
	-----Pak Rupees-----	
Travelling and boarding	-	30,700
Printing and stationery	-	48,280
Trainings	-	37,901
Miscellaneous expenses	-	38,820
Bank charges	-	43,274
	<u>-</u>	<u>198,975</u>

19.3 The break-up of expenses for Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh is as follows:

	2019	2018
	-----Pak Rupees-----	
Salaries and allowances	1,649,951	-
Daily wages	81,600	326,400
Consultancy charges	80,000	446,750
Utilities	282,139	283,383
Rent, rate and taxes	828,850	761,760
Vehicle running expenses	587,448	1,151,684
Printing and stationery	55,984	173,128
Repair and maintenance	95,622	3,400
Fish feed	57,000	170,684
Postage, telegram and telephone	135,582	66,858
Travelling and boarding	1,437,016	484,946
Bank charges	-	2,300
Advertisement	97,971	181,780
Miscellaneous expenses	2,005,172	155,516
	<u>7,394,335</u>	<u>4,208,589</u>

19.4 The break-up of expenses for Trout Cage Farming in Gilgit Baltistan area, is as follows:

	2019	2018
Note	-----Pak Rupees-----	
Salaries and allowances	216,000	250,880
Daily wages	1,460,000	163,720
Utilities	266,434	167,010
Vehicle rental	605,220	938,755
Rent, rate and taxes	254,000	160,000
Vehicle running expenses	300,214	261,535
Printing and stationery	214,623	276,275
Repair and maintenance	-	81,467
Fish feed and seed	6,430,793	1,808,486
Postage, telegram and telephone	44,660	22,990
Travelling and boarding	1,215,450	553,020
Uniforms and protective clothes	-	49,702
Advertisement	281,934	326,382
Miscellaneous expenses	608,550	588,169
	<u>11,897,878</u>	<u>5,648,391</u>
20 OTHER OPERATING EXPENSE		
Impairment loss	5.4	<u>15,511,905</u>
		<u>38,217,234</u>
21 ADMINISTRATIVE EXPENSES		
Salaries and allowances		12,140,883
Daily wages		641,640
EOBI payable		-
Travelling and boarding		2,109,806
Legal and professional charges		1,023,357
Vehicle running expenses		524,508
Postage, telegram and telephone		147,642
Printing, postage and stationery		142,321
Utilities		962,920
Rent, rate and taxes		661,508
Auditor's remuneration	21.1	500,000
Depreciation	5.3	16,296,631
Amortization	6	220,841
Repair and maintenance		591,703
Medical Insurance		678,337
Bad debt written off		-
Advertisement		163,291
Bank charges		13,614
Write off of property and equipment		928,620
Miscellaneous expenses		351,498
		<u>32,540,954</u>
		<u>38,099,120</u>

21.1 Auditors' remuneration against

Deloitte Yousuf Adil

Audit of statutory financial statements and review of Statement of Co:	300,000	-
Out of pocket expense	30,000	-
	<u>330,000</u>	<u>-</u>

EY Ford Rhodes

Audit of statutory financial statements and review of Statement of Co:	-	290,000
Review of statement of Compliance with public sector corporate governance rules	-	140,000
Out of pocket expense	-	70,000
	<u>-</u>	<u>500,000</u>

22 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise the Government of Pakistan (by virtue of nomination of all directors of the Company), 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 remuneration of the Chief Executive Officer and Executives has been disclosed in note 24 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. The Company has received the grant funds from the Ministry of National Food Security and Research (Government of Pakistan) against the project as mentioned in note 13.2.1 to the 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, security deposits, other receivables and, investments and balances with banks. 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, as 99% of the Company's credit risk relates to the banks with high credit ratings.

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:

	Note	2019	2018
		-----Pak Rupees-----	
Deposits	9	250,000	250,000
Grant receivable		-	213,210
Other receivables		340,652	458,152
Short-term investments	11	-	20,000,000
Bank balances	12	334,382,563	56,754,620
		<u>334,973,215</u>	<u>77,675,982</u>

	Long-term rating	Short-term rating	Rating agency	Pak Rupees
Savings account				
Habib Bank Limited	AAA	A-1+	JCR-VIS	33,984
National Bank of Pakistan	AAA	A-1+	JCR-VIS	307,628,502
MCB bank Limited	AAA	A1+	PACRA	59,946
Askari Bank Limited	AA+	A1+	PACRA	1,358,718
Current account				
Habib Bank Limited	AAA	A-1+	JCR-VIS	193,135
National Bank of Pakistan	AAA	A-1+	JCR-VIS	25,108,278
				<u>334,382,563</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.

	2019	2018
	----- Pak Rupees-----	
Accrued and other liabilities		
Within one year	4,479,832	3,342,418
Between one and five years	-	-
	<u>4,479,832</u>	<u>3,342,418</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 with in acceptable parameters, while optimizing returns.

23.4.1 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 reporting date the interest rate profile of the Company's interest bearing financial instruments is as follows:

	2019	2018
	-----Pak Rupees-----	
Fixed rate instruments		
Short-term investments	-	20,000,000
Variable rate instruments		
Bank balance - saving account	<u>309,149,375</u>	<u>13,193,915</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
	-----Pak Rupees-----	
Cash flow sensitivity (net)		
Variable rate instruments		
30 June, 2019	<u>3,091,494</u>	<u>(3,091,494)</u>
Variable rate instruments		
30 June, 2018	<u>131,939</u>	<u>(131,939)</u>

23.5 Fair value of financial assets and liabilities

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

	2019	2018
	-----Pak Rupees-----	
23.6 Categories of financial instruments		
Financial assets- Amortized cost		
Cash and bank balances	334,415,761	56,754,620
Short-term investments	-	20,000,000
Other receivables	340,652	458,152
Interest accrued	214,024	218,715
Advances	100,949	112,399
Grant receivable	-	213,210
	<u>335,071,386</u>	<u>77,757,096</u>

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 arrangement projects (refer to note 1.1).

24 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER , EXECUTIVES AND DIRECTORS

24.1 Salaries, allowances and other benefits includes remuneration of the Chief Executive Officer as follows :

	Chief Executive Officer		Executive	
	2019	2018	2019	2018
	-----Pak Rupees-----		-----Pak Rupees-----	
Managerial remuneration	2,640,000	680,000	3,214,836	3,055,944
Other perquisites and benefits:				
EOBI				
	<u>2,640,000</u>	<u>680,000</u>	<u>3,214,836</u>	<u>3,055,944</u>
Number of persons	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>

24.2 No remuneration was paid to any of the directors of the Company during the current and prior year.

25 NUMBER OF EMPLOYEES

	-----2019-----	-----2018-----
Number of persons employed at the period end	<u>22</u>	<u>27</u>
Average number of employees during the period	<u>22</u>	<u>22</u>

There are no factory employees.

26 GENERAL

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

27 RESTATEMENT / RECLASSIFICATION

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of comparison. However, no significant reclassification or rearrangements have been made.

28 DATE OF AUTHORIZATION

These financial statements were authorized for issue on March 13, 2020 by the Board of Directors of the Company.



CHAIRMAN



CHIEF EXECUTIVE

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