



FISHERIES DEVELOPMENT BOARD

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2021**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

The Board of Directors,
Fisheries Development Board,
Islamabad.

March 18, 2022
BDO/AUD/1075/2022

AUDIT OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Gentlemen,

We have completed the audit of your Company's financial statements for the above referred year and are pleased to enclose herewith two copies of the draft financial statements together with our draft audit report thereon duly initialed by us for identification purposes. We shall be pleased to sign our report in its present or amended form after the financial statements are approved by the Board and signed on their behalf by the Chief Executive and at least one other Director and on receipt/ review of the following:

- a) Letter of representation addressed to us on behalf of the Board of Directors and signed by the Chief Executive and Chief Financial Officer as per draft provided by us;
- b) Board of Directors' resolution in respect of the following:
 - Additions to property, plant and equipment amounting to Rs. 30.792 million;
 - Grant received during the year amounting to Rs. 175.935 million;
 - Addition in investments amounting to Rs. 20 million;
 - Deferred grant recognized during the year amounting to Rs. 71.312 million;
 - Directors' remunerations; and
 - Transactions with related parties as stated in the notes to the financial statements.
- c) Directors' report for the year ended June 30, 2021.

We would like to advise you that unless we sign our audit report, these draft financial statements shall remain and be deemed as unaudited.

our comments and observations on this set of financial statements are as follows:



1. RESPONSIBILITIES OF THE MANAGEMENT AND AUDITORS' IN RELATION TO THE FINANCIAL STATEMENTS

The responsibilities of the independent auditors in a usual examination of financial statements are stipulated in section 249 of the Companies Act, 2017 and International Standards on Auditing. While the auditors are responsible for forming and expressing their opinion on the financial statements, the responsibility for preparation of such statements is primarily that of the Company's management.

The management's responsibilities include the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, safeguarding of the assets of the Company and prevention and detection of frauds and irregularities. The audit of financial statements does not relieve the management of its responsibilities.

2. INTERNAL CONTROL DEFICIENCY IN MONITORING PROCESS OF JOINT VENTURE

On 6th March 2015 FDB entered into an agreement with Reliance Aqua Farm (Pvt.) Limited. (RAFPL) to execute a project of shrimp farming on commercial basis. Under the terms of arrangement, RAFPL shall contribute all of its existing infrastructure to the joint arrangement for the term of five years which was subsequently extended for two more years. As per the agreement, in the first year of operations FDB shall invest in repair of pounds, farm inputs, procurement, installation of equipment and hiring of staff for the farm. In the second year of operations, RAFPL will invest in operational cost 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. 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.

We noted that proper accounts are not being maintained by the Joint Venture (JV), which should form basis of the income sharing. Absence of audited accounts poses a risk of weak control of the financial affairs of the JV. Therefore, we recommend that necessary steps should be taken to ensure proper preparation of accounts by the JV and be audited by the firm of Chartered Accountants.

3. PROPERTY, PLANT AND EQUIPMENT

As per clause 19.1 of policy and procedures manual;

"The organization distinguishes between inventory assets (acquisition cost less than 5,000) and capitalized assets. Both category of assets are recorded in organization's fixed assets system."



However, we noted that some fixed assets above Rs 5,000 were expensed out during the year. Moreover, no record of inventory assets was kept by the Company because of which there is a risk of misappropriation of assets.

We recommend that all expenditures pertaining to fixed assets should be strictly reviewed and should be capitalized immediately in case of any non-compliance.

4. TAXATION

We observed that the Company has initiated the process for approval u/s 2(36) by Tax authorities however the approval is still outstanding at year end. As per management, income of Organization is not subject to tax as 100% credit is available u/s 100C of Income Tax Ordinance, 2001. However, approval u/s 2(36) is mandatory for all NPOs/NGOs in order to claim 100% credit u/s 100C from July 2020 onward.

In light of the above, the surplus of un-approved NPOs/NGOs will be subject to normal corporate tax rates i.e. 29% and credit u/s 100c will be reversed by authorities along with default surcharge @12% per annum. Additional penalty may also be imposed by authorities.

We recommend that approval u/s 2(36) must be obtained at earliest, in order to avoid taxability of income of the Company in the future tax years.

5. DEFERRED GRANT

We noted that the balance of restricted grant related to "Human Resource Development through Research and Training in Fisheries Department (HRRT)" amounting to Rs. 1.181 million and grant related to "Promotion of Shrimp, Tilapia Polyculture in Pond Conditions (PSTPC)" amounting to Rs. 0.193 million remained unchanged during the year. We recommend management that after the approval of the donor such balance should either be utilized against other projects or be duly adjusted as per the agreement.

6. EXPENSES

- 6.1 Fisheries Development board head office and four of its projects operate from the same location whereas common expenses like utilities and telecommunication of head office and projects are charged to different project grants. Which may cause overutilization of project expenses that are not related to the specific project.

We recommend that combined expenses should be apportioned proportionately between projects and head office.

- 6.2 Fisheries Development Board shares technical details of activities performed with relevant ministry on monthly basis. These details are incorporated in project monitoring and evaluation system (PMES) reports. In order to verify the accuracy of these reports we compared them with expenses recorded in ledgers. Upon such comparison we observed



that, activities mentioned in PMES reports are not represented in ledgers. It is recommended that PMES reports should be updated based upon true fact available.

7. FEED STOCK

Fisheries Development Board (FDB) procured fish feed to undertake various project activities with the prospects of gaining new scientific or technical knowledge and understanding. As per management the feed stock is procured to support the research activity therefore it falls in the ambit of IAS 38 intangible assets. Whereas, this may result in weak control of stock and lead to the risk of misappropriation.

We recommend that the Company should maintain a systemized procedure for maintaining stock record and expense out the cost on consumption basis instead of time when the cost is incurred.

8. FISH STOCK

Fisheries Development Board (FDB) has undertaken various projects related to fish and shrimps whereas, the cost incurred with respect to these program activities have been expensed out in their related financial year.

We recommend that the Company should maintain a systemized procedure for maintaining record of fish and shrimps acquired/disposed during the year to ensure stock is accurately disclosed in the financial statements at their true market value.

9. SEGREGATION OF DUTIES

Entity uses SAP for its financial reporting purposes. However, during the course of audit, we observed that manager accounts and finance possesses admin rights of SAP who is also responsible for review and rectification of posted entries. This possesses a risk of deletion, amendment and posting of back dated entries without formal authorizations.

We recommend that the admin rights should be segregated outside of the accounts department and formal procedures should be introduced and be followed for any of the amendment.

10. IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. Since March 2020, the Government of Pakistan announced temporary lock downs from time to time as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth continued its operations in order to maintain business performance despite slowed down economic activity.



11. GENERAL

During the course of audit we observed that movements in Ledgers is overstated due to posting of excessive reversal entries. Transactions are recorded by account officers of relevant projects and no proper control on transactions recordings is implemented by Fisheries Development Board. We recommend that proper controls on recording financial transactions should be adopted in order to represent true and fair view of financial transaction.

12. CONTINGENCIES AND COMMITMENTS

We have been informed by the management that there are no contingent liabilities and commitments of the Company as on the date of the financial statements other than those disclosed in the notes to the financial statements. Kindly confirm the representations made by management.

13. RELATED PARTY TRANSACTIONS

We have been informed by the management that there were no transactions with the related parties other than those disclosed in the notes to the financial statements. Kindly confirm the representations made by management.

14. FRAUD AND ERROR

We have been informed by the management that no case of fraud and error has been brought to their knowledge during the year. Kindly confirm the representations made by management.

We wish to place on record our appreciation for the courtesy and cooperation extended to us during course of our audit.

Yours faithfully,



BDO EBRAHIM & CO.
Enclosed as above

INDEPENDENT AUDITORS' 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 June 30, 2021 and the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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 the statement of financial position, the statement of income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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 June 30, 2021 and of the surplus and 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 Auditors 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 Auditors Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors 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 report that fact. 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 is responsible for overseeing the Company's financial reporting process.

Auditors 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 auditors 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 auditors 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 auditors 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 income and expenditure, the statement of comprehensive income, the statement of changes in fund, 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).





The engagement partner on the audit resulting in this independent auditors report is Abdul Qadeer.

ISLAMABAD

DATED: 26 APR 2022

BDO Ebrahim & Co.
BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
M

**FISHERIES DEVELOPMENT BOARD
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees (Restated)	2019 Rupees (Restated)
ASSETS				
NON-CURRENT ASSETS				
Property and equipment	6	77,212,533	60,170,869	17,449,866
Intangible asset	7	1,229,039	1,470,567	1,650,708
Long term investments	8	320,000,000	300,000,000	-
		<u>398,441,572</u>	<u>361,641,436</u>	<u>19,100,574</u>
CURRENT ASSETS				
Grant receivable		4,914,354	5,731,596	-
Advances	9	75,000	50,000	100,949
Deposits and short-term prepayments	10	1,016,780	785,970	898,712
Other receivables	11	3,328,549	2,670,745	214,024
Accrued interest	12	44,825,074	38,420,111	340,652
Cash and bank balances	13	12,436,238	9,551,333	334,415,761
		<u>66,595,995</u>	<u>57,209,755</u>	<u>335,970,098</u>
TOTAL ASSETS		<u><u>465,037,567</u></u>	<u><u>418,851,191</u></u>	<u><u>355,070,672</u></u>
FUND AND LIABILITIES				
FUND				
Endowment fund		300,000,000	300,000,000	300,000,000
Accumulated surplus		67,424,920	35,908,882	(10,719,425)
		<u>367,424,920</u>	<u>335,908,882</u>	<u>289,280,575</u>
NON-CURRENT LIABILITIES				
Deferred grants	14	82,983,730	68,097,685	56,124,401
Deferred liabilities	15	8,368,330	6,384,920	5,059,970
		<u>91,352,060</u>	<u>74,482,605</u>	<u>61,184,371</u>
CURRENT LIABILITIES				
Accrued and other liabilities	16	6,260,587	8,459,704	4,605,726
TOTAL FUND AND LIABILITIES		<u><u>465,037,567</u></u>	<u><u>418,851,191</u></u>	<u><u>355,070,672</u></u>
CONTINGENCIES AND COMMITMENTS	17	-	-	-

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees (Restated)
INCOME			
Grant income	18	71,312,054	70,127,329
Other operating income	19	41,436,544	41,094,562
Other income	20	3,072,662	18,676,987
		<u>115,821,260</u>	<u>129,898,878</u>
EXPENDITURE			
Programme expenses - direct costs	21	38,229,408	44,044,809
Administrative expenses	22	46,075,814	39,225,762
		<u>84,305,222</u>	<u>83,270,571</u>
SURPLUS FOR THE YEAR		<u><u>31,516,038</u></u>	<u><u>46,628,307</u></u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021**

	2021 Rupees	2020 Rupees (Restated)
Surplus for the year	31,516,038	46,628,307
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>31,516,038</u></u>	<u><u>46,628,307</u></u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHAIRMAN



CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		31,516,038	47,953,257
Surplus for the year			
Adjustments for non-cash and other items:			
Depreciation	6	13,750,553	5,844,376
Amortization	7	241,528	238,144
Gratuity charged	18	1,983,410	1,324,950
Grant income	19	(71,312,054)	(70,127,329)
Profit on investments and bank deposits		(41,436,544)	(41,094,562)
Loss before working capital changes		(96,773,107)	(103,814,421)
		<u>(65,257,069)</u>	<u>(57,186,114)</u>
Working capital changes:			
Decrease / (increase) in current assets:			
Inventory		-	-
Grant receivable		817,242	(5,731,596)
Advances		(25,000)	50,949
Deposits and short- term prepayments		(230,810)	112,742
Other receivables		(657,804)	(2,330,093)
Increase/ (decrease) in current liabilities:			
Increase in trade and other payables		(2,199,117)	3,853,978
		<u>(2,295,489)</u>	<u>(4,044,020)</u>
Cash used in operations		(67,552,558)	(61,230,134)
Grant received		88,092,594	82,100,613
Net cash generated from operating activities		<u>20,540,036</u>	<u>20,870,479</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of plant and equipment		(30,792,217)	(48,565,379)
Increase in long-term investments		(20,000,000)	(300,000,000)
Acquisition of intangible assets		-	(58,003)
Taxes Paid		(2,180,668)	-
Interest Received		35,317,754	2,888,475
Net cash used in investing activities		(17,655,131)	(345,734,907)
		<u>2,884,905</u>	<u>(324,864,428)</u>
Net increase / (decrease) in cash and cash equivalents		9,551,333	334,415,761
Cash and cash equivalents at the beginning of the year	13	<u>12,436,238</u>	<u>9,551,333</u>
Cash and cash equivalents at the end of the year			

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

**FISHERIES DEVELOPMENT BOARD
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund Rupees
Balance at June 30, 2019 as reported	(5,659,455)
<u>Impact of rectification of error</u>	
Provision for gratuity booked	(5,059,970)
Balance at June 30, 2019 - Restated	<u>(10,719,425)</u>
Surplus for the year as reported	47,953,257
<u>Impact of rectification of error</u>	
Provision for gratuity booked	(1,324,950)
Balance at 30 June 2020	<u>35,908,882</u>
Surplus for the year	31,516,038
Balance at 30 June 2021	<u><u>67,424,920</u></u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

AL

**FISHERIES DEVELOPMENT BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

1 LEGAL STATUS AND OPERATIONS

Fisheries Development Board (FDB the Company), was incorporated on August 02, 2007 under Section 42 of the Companies Ordinance, 1984 (replaced by the Companies Act, 2017 with effect from May 30, 2017), as a company limited by guarantee. The registered office of the Company is situated at Plot 12, Orchard Scheme, Murree Road, Islamabad.

Locations

- (a) Fisheries & Livestock Complex, NARC, Park Road , Islamabad
(b) B-111 13D/2 Gulshan Iqbal, Karachi
(c) Agha Rizvi house, division road Alamdar chowk, Skardu

Purpose

- Head Office
Regional Office
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 Projects

a) Pilot Shrimp Farming Cluster Development Project

The project was started from September 17, 2019 with an expected cost of Rs. 1350 million which will take an expected duration of 5 years under the "Ministry of National food security and research" the purpose of which is to built multipurpose hatchery to provide shrimp seed to private fish farms along the coast of Baluchistan. A Research and Development Centre will also be established in the cluster areas to provide R&D support to the farming community. Trainings will be imparted to 1570 people, interested in shrimp farming.

PK

b) Establishment Of Trout Cage Farming In Gilgit Baltistan Areas

The project was started in July 2017 funded by the "Ministry of National food security and research" and was completed on June 30, 2020. The purpose of the project was to promote the culture of trout production in cages by establishing a model cage site in Skardu. Project was completed on accomplishment of purpose by producing 11 tons of fish and providing training to 15 persons.

c) Cage Culture Cluster Development Project

The project was started from December 6, 2019 with an expected cost of Rs. 680 million which will take an expected duration of 5 years under the "Ministry of National food security and research" the purpose of which is to develop a cage culture technology in Pakistan by establishing modern cage farms and facilitation units. Training to stakeholders will also be provided in order to develop the human resource.

d) Shrimp Farming Cluster Development to enhance supply of raw material for sea food industry of Pakistan

The project was started in April 2, 2014 and was designed to supply raw material to fish processing industry of Pakistan to realize export potential. Expected cost at the time of initiation of project was 168 million and was carried out under the "Ministry of Commerce." Purpose of the project is to establish model shrimp farm along with the laboratory and also to provide training to stakeholders. Project was completed in December 2019 on achievement of its purposes.

e) Establishment of Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh

The project was started in July 2017 and was designed to promote sea farming near coastal area of Pakistan which is 1100 km in length. Expected cost at the time of initiation of project was 96 million and was carried out under the "Ministry of Commerce". Purpose of the project is to establish pen fish farms and designing and manufacturing of pens for culture. Pen/cage culture is a technology of fish production in which an enclosure is established in shallow sea water or in creek area outside sea.

f) Promotion of Trout Farming in Northern Areas of Pakistan

The project was started from September 4, 2019, with an expected cost of Rs. 1,554 million which will take an expected duration of 5 years under the "Ministry of National food security and research", the purpose of which is to build and renovate hatcheries in Azad Jamu & Kashmir, Gilgit Baltistan and Khyber Pakhtunkhwa and to build trout farms with public private partnership in all the three regions. Under the project fish markets will be established along with the processing plants. Training and capacity building will also be provided to public as well as private stakeholders.

1.2 Joint Ventures

On March 06, 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. The contract have been extended for 2 more years on expiry of project on March 5, 2020.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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 NPO, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention and on accrual basis of accounting except for the cash flow statement or as otherwise stated, in the respective policies and notes given hereunder.

2.3 Basis of allocation of expenses

For the financial statements expenses are allocated between administration and projects according to the activates performed.



2.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Company.

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the standards / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
	Amendments to IFRS 14, IAS 1, IAS 8, IAS 37, IAS 38, IFRIC 19, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality.	January 01, 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality.	January 01, 2020
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform.	January 01, 2020
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.	June 01, 2020

As

3.2 Amendments that are effective in current year and not relevant to the Company

**Effective date
(annual periods
beginning on or
after)**

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRIC 12 and IFRIC 20 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.

January 01, 2020

IFRS 3 Business Combinations - amendments to clarify the definition of a business.

January 01, 2020

Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year and not relevant to the Company:

**Effective date
(annual periods
beginning on or
after)**

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 41 Agriculture

January 01, 2020

3.3 Amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

**Effective date
(annual periods
beginning on or
after)**

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

January 01, 2021

IFRS 3 Business Combinations - amendments updating a reference to the Conceptual Framework

January 01, 2022

IFRS 16 Leases - Extended practical relief regarding Covid - 19 related rent concessions

April 01, 2021

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2023
IAS 1	Presentation of Financial Statements - Disclosure of Accounting Policies	January 01, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates.	January 01, 2023
IAS 12	Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction.	January 01, 2023
IAS 16	Property, Plant and Equipment - Proceeds before intended use.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of fulfilling a contract.	January 01, 2022

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

		Effective date (annual periods beginning on or after)
Annual improvements to IFRSs (2018 – 2020) Cycle:		
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022

3.4 Standards or interpretations not yet effective

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

The Company's expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property and equipment

These are stated at written down value less accumulated depreciation and impairment, if any. Depreciation is charged to income, applying the written down value method to write off the cost of an asset over its estimated useful life at the rates specified in note 5 of operating fixed assets. A full month's depreciation is charged in the month of addition, while no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to the income and expenditure account as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that the respective future economic benefits will flow to the Company. Gains and losses on disposals are determined by comparing sale proceeds with the carrying amount of the relevant assets. These are included in the income and expenditure account.

An item of operating fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the income and expenditure account.

Operating fixed assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in income to that extent.

4.2 Intangible

These are stated at cost less accumulated amortization and impairment losses, if any. Major computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software. Amortization is provided on reducing balance method at the rates disclosed in note 6 to the financial statements.

Cost associated with maintaining computer software are recognized as an expense as and when incurred.

4.3 Investments

Amortized cost investments

Amortized cost investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold up to the maturity. If the Company wants to sell other than an insignificant amount of amortized cost financial assets, the whole category would be tainted.

Amortized cost investments are initially recognized at fair value plus transaction costs. Such investments are carried at amortized cost, using the effective interest rate method, less impairment, if any.

4.4 Receivables

Receivables originated by the Company are recognized and carried at original billed amounts less any estimated allowance made for doubtful receivables, if any.

An estimate for doubtful receivables is made when collection of the full amount is no longer probable based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when determined to be uncollectable.

4.5 Cash and cash equivalents

Projects are funded through National Bank's Lapsable Assignment Account (LAA). LAA is a special type of Account for which the sanction of expenditure is given by AGPR and all the sanctions appearing as at June 30 will expire.

4.6 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.7 Income recognition

(a) Grants income

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

(b) 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 recognizes as expenses the related costs for which the grants are intended to compensate.

(c) 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 recognized.

Am

(d) Return on bank deposits and investments

Return on bank deposits and investments is recognized using the effective interest rate method.

4.8 Endowment fund

Board of directors (BOD) in their 26th BOD held on 13th March, 2018, initiated case for the sustainability of FDB. Finance division agrees to provide Rs.300 Million grant during the FY-2018-19 as seed money to raise an Endowment Fund to FDB as a restricted grant.

With the recommendation of Fund Management Committee, FDB call for rate of return on TDR for the period of 3 years from top ranking banks as per instructions issued by finance division. Whereas, National bank of Pakistan quoted highest rate (i-e 13.40%) for 3 years on annual bases and accordingly invested the funds accordingly.

4.9 Provision

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of that application can be measured reliably. Provisions are determined by discounting future cash flows at appropriate discount rates wherever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.10 Taxation

Surplus accounted for during the year is chargeable to tax under section 100C of Income Tax Ordinance 2001. In order to get hundred percentage of tax credit Fisheries Development Board has obtained exemption certificated under section 2(36).

4.11 Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, fair value through other comprehensive income and amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit or loss:

- (i) it is held with in a business model whose objective is to hold assets to collect contractual cash flows; and

AK

- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity Investments at FVOCI

These assets are initially measured at cost plus transaction cost that are directly attributable to its acquisition. Subsequently, these are measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL

These assets are initially recognized at cost. Subsequently, these are measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Impairment

The Company recognizes loss allowance for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Company measures loss allowance at an amount equal to lifetime ECLs.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

At each reporting date, the Company assesses whether the financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have detrimental impact on the estimated future cash flows of the financial assets have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards

of ownership.

4.12 Significant accounting judgments and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:

- exercise its judgment in process of applying the Corporation's accounting policies; and
- use of certain critical accounting estimates and assumptions concerning the future.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:

a) Property and equipment

Management has made estimates of fair value, residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property and equipment with corresponding effect on the depreciation charge and impairment loss.

b) Provision for doubtful receivables

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

5 CHANGE DUE TO RECTIFICATION OF ERROR

The Company has rectified the non-compliance against non provision of staff retirement benefits. Accordingly, the Company have accounted for provision since June 30, 2007. The rectified financial impacts are shown as follows:

Description	As at June 30, 2020		
	Previously reported	Adjustments Increase	Restated
	----- Rupees -----		
Impact on financial position:			
Liability:			
Deferred liability	-	6,384,920	6,384,920
Impact on income and expenditure:			
Administrative expenses	-	1,324,950	1,324,950

As at June 30, 2019

Description	Previously reported	Adjustments Increase	Restated
Impact on financial position: Liability:			
Deferred liability		-	5,059,970

----- Rupees -----

Am

6 PROPERTY AND EQUIPMENT

Description	Project Funded					Head Office		Total
	Furniture and fixtures	Office equipment	Vehicles	Scientific and other equipment	Trout fish cages and containers	Sub Total	Office equipment	
Rupees								
Year ended June 30, 2021								
Net carrying value basis								
Opening net book value (NBV)	6,405,829	7,146,421	2,313,520	2,792,974	41,512,125	60,170,869	-	60,170,869
Additions (at cost)	361,969	2,299,793	24,191,893	-	3,918,966	30,772,621	19,596	30,792,217
Depreciation charge	(688,966)	(1,361,882)	(809,202)	(1,406,628)	(9,483,630)	(13,750,308)	(245)	(13,750,553)
Closing net book value (NBV)	6,078,832	8,084,332	25,696,211	1,386,346	35,947,461	77,193,182	19,351	77,212,533
Gross carrying value basis								
Opening net book value (NBV)	10,384,279	21,287,227	30,367,426	60,044,613	51,640,032	173,723,577	19,596	173,743,173
Accumulated depreciation	(4,305,447)	(13,202,895)	(4,671,215)	(58,658,267)	(15,692,571)	(96,530,395)	(245)	(96,530,640)
Net book value (NBV)	6,078,832	8,084,332	25,696,211	1,386,346	35,947,461	77,193,182	19,351	77,212,533
Year ended June 30, 2020								
Net carrying value basis								
Opening net book value (NBV)	679,883	402,638	2,726,025	1,358,824	12,282,496	17,449,866	-	17,449,866
Additions (at cost)	6,007,578	7,308,267	-	2,809,034	32,440,500	48,565,379	-	48,565,379
Depreciation charge	(281,632)	(564,484)	(412,505)	(1,374,884)	(3,210,871)	(5,844,376)	-	(5,844,376)
Closing net book value (NBV)	6,405,829	7,146,421	2,313,520	2,792,974	41,512,125	60,170,869	-	60,170,869
Gross carrying value basis								
Opening net book value (NBV)	10,022,310	18,987,434	6,175,533	60,044,613	47,721,066	142,950,956	-	142,950,956
Accumulated depreciation	(3,616,481)	(11,841,013)	(3,862,013)	(57,251,639)	(6,208,941)	(82,780,087)	-	(82,780,087)
Net book value (NBV)	6,405,829	7,146,421	2,313,520	2,792,974	41,512,125	60,170,869	-	60,170,869
Depreciation rate per annum	10%	15%	10%	20%	20%	20%		

6.1 Depreciation has been allocated to the operating expenses.

	Note	2021 Rupees	2020 Rupees
7 INTANGIBLE ASSET			
Computer software	7.1	<u>1,229,039</u>	<u>1,470,567</u>
7.1 Net carrying value basis			
Opening net book value (NBV)		1,470,567	1,650,708
Additions during the year		-	58,003
		<u>1,470,567</u>	<u>1,708,711</u>
Amortization during the year		(241,528)	(238,144)
Closing net book value (NBV)		<u>1,229,039</u>	<u>1,470,567</u>
7.2 Gross carrying value basis			
Cost		2,415,279	2,357,276
Additions		-	58,003
Accumulated amortization		(1,186,240)	(944,712)
Net book value (NBV)		<u>1,229,039</u>	<u>1,470,567</u>
Amortization rate per annum		10%	10%
8 LONG TERM INVESTMENTS			
-at amortized cost			
Cost (Opening)	8.1	300,000,000	300,000,000
Additions	8.2	20,000,000	-
Accrued interest		40,820,000	38,420,111
		<u>360,820,000</u>	<u>338,420,111</u>
Shown as part of interest accrued		(40,820,000)	(38,420,111)
		<u>320,000,000</u>	<u>300,000,000</u>
8.1 This represents a TDR, placed with the National Bank of Pakistan, having a face value of Rs. 300 million. The TDR carries mark-up at the rate of 13.40 % per annum, with a term of 3 years maturing on July 18, 2022.			
8.2 This represents TDR placed with National Bank of Pakistan having face values of 20 million having maturity on July 21, 2022 and Interest rate of 6.20% receivable at maturity.			
		2021 Rupees	2020 Rupees
9 ADVANCES			
Unsecured - considered good			
To employees against expenses		<u>75,000</u>	<u>50,000</u>

		Note	2021 Rupees	2020 Rupees
10	DEPOSITS AND SHORT-TERM PREPAYMENTS			
	Security deposits		551,400	551,400
	Prepayments	10.1	465,380	234,570
			<u>1,016,780</u>	<u>785,970</u>
10.1	This represents prepayments against the medical insurance with Pak Qatar Group.			
11	OTHER RECEIVABLES			
	Other receivables	11.1	<u>3,328,549</u>	<u>2,670,745</u>
11.1	Other receivables includes an amount of Rs. 2.5 million receivable against sale of fish from M/S Ali Bhai and Sons Pvt. Ltd. since year ending June 30, 2020 and receivable from Government of Gilgit Baltistan for the sale of trout during current financial year.			
12	ACCRUED INTEREST			
	Accrued interest		<u>44,825,074</u>	<u>38,420,111</u>
12.1	This includes interests calculated on TDRs mentioned in Note 8 to these financial statements.			
13	CASH AND BANK BALANCES			
	Cash in hand		94,695	49,457
	Cash at bank - local currency			
	Current accounts	13.1	4,330,165	5,763,148
	Saving accounts		8,011,378	3,738,728
			<u>12,341,543</u>	<u>9,501,876</u>
			<u>12,436,238</u>	<u>9,551,333</u>
13.1	These carry mark-up at the rates ranging from 7.0% to 11.0% (2020: 6.5% to 11.5% per annum).			

14 DEFERRED GRANTS	Note	2021 Rupees	2020 Rupees
Deferred capital grant	14.1	78,367,736	61,587,196
Against operating activities	14.2	4,615,994	6,510,489
		<u>82,983,730</u>	<u>68,097,685</u>
14.1 Deferred capital grant			
Balance as at July 01,		61,587,196	19,104,337
Addition in deferred capital grant	14.4	30,772,621	48,565,379
Recognized in income during the year			
- Due to depreciation and amortization	5 & 6	(13,992,081)	(6,082,520)
Balance as at June 30,		<u>78,367,736</u>	<u>61,587,196</u>
14.2 Against operating activities			
Balance as at July 01,		778,893	37,020,064
Grant received during the year		175,935,205	308,464,799
Grant surrendered during the year		(107,318,660)	(232,265,484)
Grant lapsed during the year		(691,769)	(3,716,990)
Grant recognized during the year - net			
Amortization during the year		(38,229,408)	(44,044,809)
Adjustments during the year		-	(16,113,308)
Transferred to deferred capital grant		(30,772,621)	(48,565,379)
		(298,360)	778,893
Transferred to grant receivable		4,914,354	5,731,596
Balance as at June 30,		<u>4,615,994</u>	<u>6,510,489</u>
14.3 Employees related expenses			
Balance as at July 01,		-	-
Grant received during the year		18,886,921	20,000,000
Grant recognized during the year		(18,886,921)	(20,000,000)
Balance as at June 30,		<u>-</u>	<u>-</u>

M

14.4 Project wise movement in grants against operating activities is as follows:

Project Name	Balance as at July 01, 2020	Grant received during the year	Unspent Grant			Grant recognized in income and expenditure statement	Transferred to deferred capital grant	Adjustments	Closing balance	Grants receivable - gross
			Surrendered grant	Lapsed grant	Prior Year Expenditures					
A	B	C	D	E	F	G	G=A+B+C+D+E+F+G			
<i>Local sources:</i>										
Head Office (FDB Component)	(150,685)	-	-	-	-	-	-	(150,685)	(150,685)	
Human resource development through research and training in fisheries department	1,180,562	-	-	-	-	-	-	1,180,562		
Promotion of shrimp, tilapia polyculture in pond conditions	193,133	-	-	-	-	-	-	193,133		
Establishment of pen fish farm of sea bass and groupers along with coastal belt of Sindh	5,136,794	-	-	-	(1,894,495)	-	-	3,242,299		
Promotion of trout farming in northern areas of Pakistan	(52,246)	15,677,785	(5,733,512)	(6,275)	(9,710,235)	(229,796)	-	(54,279)	(54,279)	(54,279)
Pilot shrimp farming cluster development project	(1,135,684)	97,171,000	(68,463,935)	(22,836)	(13,585,086)	(14,179,064)	-	(1,135,684)	(1,135,684)	(215,605)
Cage culture cluster development project	(4,392,981)	63,086,420	(33,121,213)	(662,658)	(13,039,592)	(16,363,761)	-	(4,594,592)	(4,594,592)	(4,493,785)
	778,893	175,935,205	(107,318,660)	(691,769)	(38,229,408)	(30,772,621)	-	(1,319,246)	(1,319,246)	(4,914,354)

AR

	2021 Rupees	2020 Rupees
15 DEFERRED LIABILITIES		
Gratuity Payable	<u>8,368,330</u>	<u>6,384,920</u>
15.1 Gratuity Payable		
Opening balance	6,384,920	5,059,970
Charge for the year	1,983,410	1,324,950
Payments during the year	-	-
Closing balance	<u>8,368,330</u>	<u>6,384,920</u>
16 ACCRUED AND OTHER LIABILITIES		
Accrued liabilities	540,876	550,876
Other liabilities		
Payable to suppliers	5,440,886	7,808,736
Withholding tax payable	278,825	100,092
	<u>5,719,711</u>	<u>7,908,828</u>
	<u>6,260,587</u>	<u>8,459,704</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 M/s Ali Bhai & Sons Pvt. Ltd has filed case in court of senior civil Judge, Islamabad against Fisheries Development Board to reimburse Rs. 420,666 in respect of advance payment for the purchase of trout fish and Rs.180,000 bid money cash deposit receipt. M/s Ali bhai and sons is a distributor of fish and are in agreement with FDB to purchase fresh fish for distribution. However they are of view that FDB supplied approximately 1836 KG spoiled fish which was against the agreement. FDB have also filed case against Ali Bhai and Sons for the recovery of remaining amounts and FIR have been filed against Ali Bhai and Sons on direction of court. The case is still under court consideration.

17.1.2 The Company has filed a revision of order issued by Officer Inland Revenue under section 122(5)(dated June 30, 2021; Order No: 100000099646304) claiming an amount of Rs. 8.67 million as tax for tax year 2015. The Company falls in the category of section 100C Income Tax Ordinance 2001. The Company is of the view that the revision will be in there favor.

17.1.3 FBR has issued the show cause notice under section 161/205, that the company have not deducted withholding tax properly for the tax year 2019 and 2020. All the required documents and information is submitted. The Company is of the view that outcome of this show cause notice will be in there favor.

AK

17.1.4 Federal Board Revenue (FBR) granted approval under section 2(36) of Income Tax Ordinance, 2001 to Fisheries Development Board till 30th June, 2013 for the purpose to credit admissible u/s 100(c) of this ordinance. Meanwhile, the FDB has also applied for Free Tax Number (FTN) and obtained FTN w.e.f December 2012 for the purpose of tax exemption on profit and credit on surplus income. In 2019, due to changes in the policy of State bank of Pakistan (SBP) approval of 2(36) is mandatory for exemption on profit and credit on surplus income therefore FDB has filed application for the exemption u/s 2(36) for the year 2020 and 2021 with FBR for exemption on profit and surplus income . The case is still pending for review and approval by FBR authority. Whereas, FDB has also obtained PCP certification on regular basis on satisfactory performance evaluation of organization since 2015 and therefore they will be granted the exemption resultantly provision for tax has not been recognised.

17.2 Commitments

There are no contingencies as at June 30, 2021 (June 30, 2020 : Rs. Nil).

	Note	2021 Rupees	2020 Rupees
18 GRANT INCOME			
Amortization of deferred capital grant	14.1	13,992,081	6,082,520
Amortization of restricted grant	14.2	38,433,052	44,044,809
Amortization of restricted grant - Against employee related expenses	14.3	18,886,921	20,000,000
		<u>71,312,054</u>	<u>70,127,329</u>
19 OTHER OPERATING INCOME			
Profit on bank deposits		1,586	2,877,028
Interest on TDRs	19.1	41,434,958	38,217,534
		<u>41,436,544</u>	<u>41,094,562</u>
19.1 This amount represents interest earned on TDRs placed with National Bank of Pakistan.			
	Note	2021 Rupees	2020 Rupees
20 OTHER INCOME			
Sale of fish		3,072,662	4,253,903
Tender income		-	11,000
Write off of deferred grant- prior period	20.1	-	14,412,084
		<u>3,072,662</u>	<u>18,676,987</u>

20.1 This mainly includes an amount of Rs. 14.078 million from deferred grant of project "Shrimp Farming Cluster Development to enhance supply of raw material for sea food industry of Pakistan

(SCDP)" that has been utilized in prior periods to meet the expenditures of fisheries development board. However, respective transactions of amortization was not recorded. The accumulated amount has been amortized in June 30, 2020 by recognizing as other income.

	Note	2021 Rupees	2020 Rupees
21			
PROGRAMME EXPENSES - DIRECT COSTS			
Shrimp farming cluster development to enhance supply of raw material for sea food industry of Pakistan	21.1	-	1,592,077
Establishment of pen fish farm of sea bass and groupers along with coastal belt of Sindh	21.2	1,894,495	10,745,111
Establishment of trout cage farming in Gilgit Baltistan area	21.3	-	16,677,552
Promotion of trout farming in northern areas of Pakistan	21.4	9,710,235	4,872,807
Pilot shrimp farming cluster development project	21.5	13,585,086	6,302,576
Cage culture cluster development project	21.6	13,039,592	3,854,686
		<u>38,229,408</u>	<u>44,044,809</u>
21.1 Shrimp Farming Cluster Development to enhance supply of raw material for sea food industry of Pakistan			
Daily wages		-	1,313,700
Repair and maintenance		-	190,000
Bank charges		-	6,585
Advertisement		-	81,792
		<u>-</u>	<u>1,592,077</u>
21.1.1	This project was closed in prior financial year hence no activity is reported.		
21.2 Establishment of Pen Fish Farm of Sea Bass and Groupers along with Coastal Belt of Sindh			
Salaries and allowances		-	770,000
Daily wages		646,800	712,300
Utilities		27,626	352,603
Rent, rate and taxes		-	816,990
Vehicle running expenses		386,943	1,049,385
Printing and stationery		4,610	19,250
Repair and maintenance		357,757	3,352,795
Fish feed		-	2,872,180
Postage, telegram and telephone		23,197	130,241

	2021 Rupees	2020 Rupees
Travelling and boarding	-	440,171
Bank charges	477	1,039
Advertisement	33,260	138,895
Miscellaneous expenses	413,825	89,262
	<u>1,894,495</u>	<u>10,745,111</u>

21.2.1 The project activities are reduced during current financial year due to excessive staff engagements on other active projects.

	2021 Rupees	2020 Rupees
21.3 Establishment of Trout Cage Farming in Gilgit Baltistan area		
Salaries and allowances	-	2,842,348
Utilities	-	95,504
Vehicle rental	-	917,988
Rent, rate and taxes	-	193,600
Vehicle running expenses	-	271,785
Printing and stationery	-	152,924
Repair and maintenance	-	512,720
Fish feed	-	9,192,777
Postage, telegram and telephone	-	19,999
Travelling and boarding	-	1,080,537
Advertisement	-	233,594
Miscellaneous expenses	-	1,163,776
	<u>-</u>	<u>16,677,552</u>

21.3.1 This project was closed in prior financial year hence no activity is reported.

	2021 Rupees	2020 Rupees
21.4 Promotion of Trout Farming in Northern Areas of Pakistan		
Salaries and allowances	5,305,412	1,092,510
Consultancy charges	-	1,542,579
Utilities	792,068	234,980
Vehicle rental	430,000	400,000
Rent, rate and taxes	847,128	507,303
Vehicle running expenses	499,714	218,576
Printing and stationery	120,201	399,998

	2021	2020
	Rupees	Rupees
Postage, telegram and telephone	262,779	91,196
Travelling and boarding	749,676	3,280
Advertisement	450,178	259,147
Miscellaneous expenses	253,079	123,238
	<u>9,710,235</u>	<u>4,872,807</u>
21.4.1	Activities on this project were enhanced during current financial year.	
	2021	2020
	Rupees	Rupees
21.5 Pilot Shrimp Farming Cluster Development Project		
Salaries and allowances	5,105,888	730,540
Consultancy charges	1,260,000	1,899,000
Project training charges	2,014,423	-
Utilities	488,189	471,821
Vehicle rental	-	213,800
Repair and maintenance	399,675	114,668
Rent, rate and taxes	1,165,840	647,200
Vehicle running expenses	511,700	84,781
Printing and stationery	714,611	199,856
Postage, telegram and telephone	226,261	31,072
Travelling and boarding	730,980	533,602
Advertisement	654,562	573,464
Miscellaneous expenses	312,957	802,772
	<u>13,585,086</u>	<u>6,302,576</u>
21.5.1	Activities on this project were enhanced during current financial year.	
	2021	2020
	Rupees	Rupees
21.6 Cage Culture Cluster Development Project		
Salaries and allowances	5,175,290	458,591
Daily wages	37,800	-
Utilities	322,673	13,263
Vehicle rental	540,000	398,600
Rent, rate and taxes	1,019,487	165,770
Vehicle running expenses	677,863	98,717
Printing and stationery	273,587	299,627
Fish feed	300,000	1,876,646
Postage, telegram and telephone	159,013	31,730
Travelling and boarding	977,226	285,013
Advertisement	825,297	156,729
Project training charges	1,380,269	-
Repair and maintenance	250,649	-
Project training charges	873,023	-
Miscellaneous expenses	227,415	70,000
	<u>13,039,592</u>	<u>3,854,686</u>

21.6.1 Activities on this project were enhanced during current financial year.

21.7 Supplemental detail of fish feed and stock

Project Name	Fish stock			Fish feed		
	Kgs.	Rs./kg	Total value	Qty	Rs. / Qty	Total value
Cage culture cluster development project	7,259	110	798,490	76	136	10,346
Total			<u>798,490</u>			<u>10,346</u>

The supplemental information represents stock of fish feed and stock as at June 30, 2021. The stock is procured to undertake various project activities with the prospects of gaining new scientific or technical knowledge and understanding. Therefore, these are beyond the scope of IAS-41 "Biological Assets" and expensed out in their respective financial year as research expense as per IAS-38 "Intangible Assets".

	Note	2021 Rupees	2020 Rupees
22 ADMINISTRATIVE EXPENSES			
Salaries and allowances		25,098,368	23,001,519
Daily wages		1,455,759	2,739,640
EOBI payable		250,061	222,750
Travelling and boarding		912,739	1,261,336
Legal and professional charges		1,162,930	684,435
Vehicle running expenses		133,799	874,633
Postage, telegram and telephone		206,504	512,451
Printing, postage and stationery		151,732	34,578
Utilities		36,528	153,351
Rent, rate and taxes		96,800	169,101
Auditor remuneration	22.1	360,000	344,500
Depreciation	6	13,750,553	5,844,376
Amortization	7	241,528	238,144
Repair and maintenance		436,229	887,359
Medical Insurance		699,953	661,114
Bad debt written off		-	757,742
Bank charges		95,811	417,741
Entertainment		-	127,653
Advertisement		251,915	-
Miscellaneous expenses		734,605	293,339
		<u>46,075,814</u>	<u>39,225,762</u>
22.1 Auditor remuneration			
Audit fee		300,000	250,000
Other services		60,000	60,000
Out of pocket expense		-	34,500
		<u>360,000</u>	<u>344,500</u>

23 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year in respect of remuneration of the Chief Executive, Directors and Executives of the Company are as follows:

Particulars	2021		2020	
	Chief Executive	Executives	Chief Executive	Executives
Remuneration (Rupees)	3,540,781	5,501,466	4,500,000	6,193,675
No. of persons	1	4	1	4

- 23.1 During the year, the CEO resigned after performing duties for the first three months. Whereas, the position is temporarily filled by the executive director as acting CEO until the official appointment by federal secretary.

24 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings of the Company comprise of subsidiaries, associated companies, directors and key management personnel. Transactions with related parties and associated undertaking involve long term finance, service charges and the movements in current account. These transactions and balances, including remuneration to key management personnel under the terms of their employment are as follows:

24.1 Transaction with key management personnel

There are no other transactions with key management personnel other than under their terms of employment and disclosed in note 23.

AK

25 FINANCIAL ASSETS AND LIABILITIES

The Company's exposure to interest rate risk on its financial assets and liabilities are summarized as follows:

2021	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
-----Rupees-----					
Financial assets					
Grant receivable	4,914,354	-	-	-	4,914,354
Deposits	551,400	-	-	-	551,400
Other receivables	3,328,549	-	-	-	3,328,549
Long term investments	320,000,000	-	320,000,000	320,000,000	-
Cash and bank balances	12,436,238	8,011,378	-	8,011,378	4,424,860
	<u>341,230,541</u>	<u>8,011,378</u>	<u>320,000,000</u>	<u>328,011,378</u>	<u>13,219,163</u>
Financial liabilities					
Deferred grants	82,983,730	-	-	-	82,983,730
Accrued and other liabilities	5,981,762	-	-	-	5,981,762
	<u>88,965,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,965,492</u>
On balance sheet gap	<u>252,265,049</u>	<u>8,011,378</u>	<u>320,000,000</u>	<u>328,011,378</u>	<u>(75,746,329)</u>
-----Rupees-----					
2020	Total	Interest/mark up bearing			Not interest / mark up bearing
		Maturity up to one year	Maturity after one year	Sub-total	
-----Rupees-----					
Financial assets					
Grant receivable	5,731,596	-	-	-	5,731,596
Other receivables	2,670,745	-	-	-	2,670,745
Long term investments	300,000,000	-	300,000,000	300,000,000	-
Cash and bank balances	9,551,333	3,738,728	-	3,738,728	5,812,605
	<u>317,953,674</u>	<u>3,738,728</u>	<u>300,000,000</u>	<u>303,738,728</u>	<u>14,214,946</u>
Financial liabilities					
Deferred grants	68,097,685	-	-	-	68,097,685
Accrued and other liabilities	8,459,704	-	-	-	8,459,704
	<u>76,557,389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,557,389</u>
On balance sheet gap	<u>239,688,800</u>	<u>3,738,728</u>	<u>304,024,111</u>	<u>307,762,839</u>	<u>(68,074,039)</u>

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- Credit risk
- Liquidity risk
- Market Risk

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

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

The Board's risk management policies are established to identify and analyze the risks faced by the Board, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and system are reviewed regularly to reflect changes in market conditions and the Board's activities. The Board, 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 Board oversees how management monitors compliance with the Board's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Board.

26.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2021 Rupees	2020 Rupees
Grant receivable	4,914,354	5,731,596
Deposits	551,400	551,400
Other receivables	3,328,549	2,670,745
Long term investments	320,000,000	300,000,000
Bank balances	12,341,543	9,551,333
	<u>341,135,846</u>	<u>318,505,074</u>

To manage exposure to credit risk in respect of other receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year, no assets have been impaired.

26.2 Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Board's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
----- Rupees -----					
June 30, 2021					
Deferred grants	82,983,730	82,983,730	41,491,865	41,491,865	-
Accrued and other liabilities	6,260,587	6,260,587	3,130,294	3,130,293	-
	89,244,317	89,244,317	44,622,159	44,622,158	-
	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	Two to five years
----- Rupees -----					
June 30, 2020					
Deferred grants	68,097,685	68,097,685	34,048,843	34,048,842	-
Accrued and other liabilities	8,459,704	8,459,704	4,229,852	4,229,852	-
	76,557,389	76,557,389	38,278,695	38,278,694	-

The Board believes that it is not exposed to any significant level of liquidity risk.

26.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Board's income or the value of its holdings of financial instruments.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arise in financial instruments that are denominated in foreign currencies i.e. in a currency other then the functional currency in which they are measured.

Presently, the board is not exposed to foreign currency risk.

b) Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short term borrowings from banks and short term advances (receivable and payables) from related parties. At the statement of financial position date the interest rate profile of the Company's interest bearing financial instruments is as follows:

Variable rate instruments

Financial assets

Long term investments
Cash and bank balances

2021	2020	2021	2020
Effective rate		Carrying amount	
In percent		Rupees	
13.40%	13.40%	320,000,000	300,000,000
7% to 11%	6.5% to 11.5%	8,011,378	3,738,728
		<u>328,011,378</u>	<u>303,738,728</u>

27 **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 carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IFRS 9. The carrying amount of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments, if relevant.

June 30, 2021		June 30, 2020	
Carrying amount	Fair value	Carrying amount	Fair value
-----Rupees-----			

Assets carried at amortized cost:

Cash and bank balances	12,436,238	12,436,238	9,551,333	9,551,333
Long Term investments	320,000,000	320,000,000	300,000,000	300,000,000
Other receivables	3,328,549	3,328,549	2,670,745	2,670,745
Interest accrued	44,825,074	44,825,074	38,420,111	38,420,111
	<u>380,589,861</u>	<u>380,589,861</u>	<u>350,692,189</u>	<u>350,692,189</u>

Liabilities carried at amortized cost:

Accrued and other liabilities	6,260,587	6,260,587	8,459,704	8,459,704
	<u>6,260,587</u>	<u>6,260,587</u>	<u>8,459,704</u>	<u>8,459,704</u>

Interest rate used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortized cost, since majority of the interest bearing instruments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are of short term in nature, fair value significantly approximates to carrying value.

Fair value hierarchy

International Financial Reporting Standard (IFRS) 13, "Fair Value Measurement" requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by valuation method. The different values have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: input other than quoted prices included with in Level 1 that are observable for assets and liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change occurred.

	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
	-----Rupees-----				
June 30, 2021					
Assets					
Property and equipment	77,212,533	77,212,533	77,212,533	-	-
Intangible asset	1,229,039	1,229,039	1,229,039	-	-
Investment					
Long term investments	320,000,000	320,000,000	320,000,000	-	-
	<u>398,441,572</u>	<u>398,441,572</u>	<u>398,441,572</u>	<u>-</u>	<u>-</u>
June 30, 2020					
Assets					
Property and equipment	60,170,869	60,170,869	60,170,869	-	-
Intangible asset	1,470,567	1,470,567	1,470,567	-	-
Investment					
Long Term investments	300,000,000	300,000,000	300,000,000	-	-
	<u>361,641,436</u>	<u>361,641,436</u>	<u>361,641,436</u>	<u>-</u>	<u>-</u>

27.1 Determination of fair values

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

Non-derivate financial asset

The fair value of non-derivate financial asset is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for

disclosure purposes.

Non-derivate financial liabilities

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

28 FUNDS MANAGEMENT

The Board of Directors of the Company monitors the performance along with the fund required for the sustainable operations and the Company is not subject to externally imposed fund requirements.

29 IMPACT OF COVID-19

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. Since March 2020, the Government of Pakistan announced temporary lock downs from time to time as a measure to reduce the spread of the COVID-19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth continued its operations in order to maintain business performance despite slowed down economic activity.

30 NUMBER OF EMPLOYEES	2021	2020
The number of employees as at year end	<u>22</u>	<u>22</u>
Average number of employees during the year	<u>22</u>	<u>22</u>

31 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Fisheries Development Board on 26 APR 2022.

32 GENERAL

Figures have been rounded - off to the nearest rupee.

CHAIRMAN



PK

CHIEF EXECUTIVE

