

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Management Association of Pakistan (incorporated as a company limited by guarantee) (the Association)** as at **31 December 2015** and the related income and expenditure account, cash flow statement and statement of changes in capital and reserves, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Association's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Association as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.3 to the accompanying financial statement, with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Association's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Association;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account, cash flow statement and statement of changes in funds and reserves together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Association's affairs as at **31 December 2015** and of the deficit, its cash flows and changes in capital and reserves for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

Date: March 25, 2016

Place: Karachi

BALANCE SHEET

AS AT DECEMBER 31, 2015

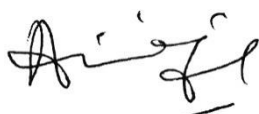
	Note	2015 (Rupees)	2014 (Rupees)
<u>ASSETS</u>			
NON CURRENT ASSETS			
Property and equipment	4	783,893	859,171
Intangible asset	5	137,500	173,176
Long term deposits		<u>330,800</u>	<u>330,800</u>
		1,252,193	1,363,147
CURRENT ASSETS			
Seminar fee receivable		<u>326,106</u>	510,699
Subscription receivable from members	6	551,817	194,000
Deposits and prepayments	7	1,993,793	1,808,427
Accrued profit on PLS and treasury call accounts		45,418	139,833
Short term investments	8	17,363,844	19,185,264
Cash and bank balances	9	<u>4,157,870</u>	<u>1,239,247</u>
		24,438,848	23,077,470
TOTAL ASSETS		<u>25,691,041</u>	<u>24,440,617</u>
<u>FUNDS, RESERVES AND LIABILITIES</u>			
FUNDS AND RESERVES			
Capital fund		87,356	87,356
Library fund		5,000	5,000
Members' general fund		4,064,351	3,975,351
Restricted Fund from ASCF		5,000,000	5,000,000
Accumulated surplus		10,181,146	12,723,359
Unrealized gain on available-for-sale Investments		<u>879,615</u>	<u>941,137</u>
		20,217,468	22,732,203
NON-CURRENT LIABILITIES			
Deferred liability – staff gratuity	10	590,063	-
CURRENT LIABILITIES			
Advance fee and subscription	11	<u>1,896,516</u>	810,099
Trade and other payables	12	2,507,850	869,548
Deferred income		<u>479,144</u>	<u>28,767</u>
		4,883,510	1,708,414
CONTINGENCY AND COMMITMENT	13		
TOTAL FUNDS, RESERVES AND LIABILITIES		<u>25,691,041</u>	<u>24,440,617</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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PRESIDENT



HONORARY SECRETARY



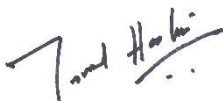
HONORARY TREASURER

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2015**

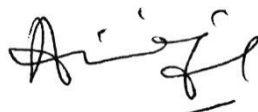
	Note	2015 (Rupees)	2014 (Rupees)
<u>INCOME</u>			
Subscription from members		5,493,000	5,717,533
Net income from seminars and courses	14	900,707	1,251,829
Net income from management convention / conference	15	1,922,318	3,520,561
Return on investments	16	752,374	1,076,782
Entrance fee		89,000	410,301
Other income	17	1,189,329	697,708
		10,346,728	12,674,714
<u>OPERATING EXPENDITURE</u>			
Salaries and other benefits	18	(7,008,533)	(6,988,787)
Administrative and general expenses	19	(5,791,408)	(4,697,287)
Net loss on Corporate Excellence Awards		-	(296,378)
Loss on disposal of property and equipment		-	(280,604)
		(12,799,941)	(12,263,056)
(Deficit) / surplus for the year		(2,453,213)	411,658

The annexed notes from 1 to 25 form an integral part of these financial statements.

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HONORARY SECRETARY



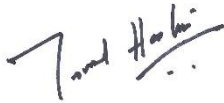
HONORARY TREASURER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015

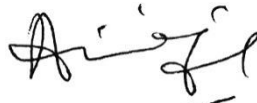
	2015	2014
	(Rupees)	(Rupees)
(Deficit) / surplus for the year	(2,453,213)	411,658
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to income and expenditure account		
Unrealized (loss) / gain on available-for-sale investments	(61,522)	359,211
Total comprehensive (loss) / income for the year	(2,514,735)	770,869

The annexed notes from 1 to 25 form an integral part of these financial statements.

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HONORARY SECRETARY



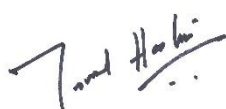
HONORARY TREASURER

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 (Rupees)	2014 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus for the year		(2,453,213)	411,658
Adjustments for non-cash charges and items:			
Depreciation		136,371	112,957
Amortization		35,676	46,527
Property and equipment written off		252,576	-
Loss on disposal of property and equipment		-	280,604
Provision for gratuity		799,480	34,756
Return on investments		(752,374)	(1,076,782)
Return on PLS and treasury call accounts		(130,984)	(350,632)
Provision for bad debts		-	200,000
Deficit before working capital changes		(2,112,468)	(340,912)
(Increase) / decrease in current assets:			
Decrease in seminar fee receivable		184,593	1,705,606
(Increase) / decrease in subscription receivable from members		(357,817)	285,000
Increase in deposits and prepayments		(185,366)	(620,566)
		(358,590)	1,370,040
Increase / (decrease) in current liabilities:			
Increase / (decrease) in advance fee and subscription		1,086,417	(2,682,752)
Increase / (decrease) in trade and other payables		1,638,302	(524,008)
Increase / (decrease) in deferred income		450,377	(80,650)
		3,175,096	(3,287,410)
Gratuity paid		(209,417)	(504,338)
Net cash generated from / (used in) operating activities		494,621	(2,762,620)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(313,669)	(526,000)
Proceeds from disposal of property and equipment		-	19,000
Investments made during the year		(15,700,000)	(14,000,000)
Investments encashed during the year		17,200,000	14,000,000
Profit received on investments		1,012,272	1,108,030
Profit received on PLS and treasury call accounts		225,399	210,800
Net cash generated from investing activities		2,424,002	811,830
Net increase / (decrease) in cash and cash equivalents		2,918,623	(1,950,790)
Cash and cash equivalents at the beginning of the year		1,239,247	3,190,037
Cash and cash equivalents at the end of the year	9	4,157,870	1,239,247

The annexed notes from 1 to 25 form an integral part of these financial statements.



PRESIDENT



HONORARY SECRETARY



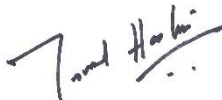
HONORARY TREASURER

STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2015

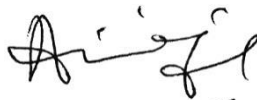
	Capital fund	Library fund	Members' general fund	Restricted fund from ASCF	Accumulated surplus	Unrealized gain / (loss) on available-for-sale investments	Total
----- (Rupees) -----							
Balance as at December 31, 2013	87,356	5,000	3,565,050	5,000,000	12,722,002	581,926	21,961,334
Surplus for the year	-	-	-	-	411,658	-	411,658
Transferred during the year	-	-	410,301	-	(410,301)	-	-
Unrealized gain on available -for-sale investments	-	-	-	-	-	359,211	359,211
Balance as at December 31, 2014	87,356	5,000	3,975,351	5,000,000	12,723,359	941,137	22,732,203
Deficit for the year	-	-	-	-	(2,453,213)	-	(2,453,213)
Transferred during the year	-	-	89,000	-	(89,000)	-	-
Unrealized loss on available -for-sale investments	-	-	-	-	-	(61,522)	(61,522)
Balance as at December 31, 2015	87,356	5,000	4,064,351	5,000,000	10,181,146	879,615	20,217,468

The annexed notes from 1 to 25 form an integral part of these financial statements.

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PRESIDENT



HONORARY SECRETARY



HONORARY TREASURER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. LEGAL STATUS AND NATURE OF ACTIVITIES

Management Association of Pakistan (the Association) was incorporated in 1967 in Pakistan as a Company limited by guarantee (Association Not for Profit) under section 26 of the Companies Act, 1913 (now the Companies Ordinance, 1984). The main activities of the Association are to disseminate information of management practices through seminars, courses and conventions. The registered office of the Association is situated at 3rd floor K-House, Lane 4, Street 26, Kahyaban e Shahbaz, Defence Phase 6, Karachi. The Association also established its office in Lahore.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements for the year ended December 31, 2014 were prepared in accordance with Accounting and Financial Reporting Standards for Small-Sized Entities issued by the Institute of Chartered Accountant of Pakistan (ICAP) and provisions of and directives issued under the Companies Ordinance, 1984. However, during the current year, the Securities and Exchange Commission of Pakistan (SECP) has issued S.R.O. 929(I)/2015 dated September 10, 2015 which deals with the accounting framework for preparation of financial statements by different class of companies. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) as issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

The adoption of IFRSs as the Association's accounting framework did not have any financial effect on the current and prior years' financial statements except few additional disclosures.

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except for certain available-for-sale investments which are carried at fair value.

2.3 New Standards, Interpretations and Amendments

The Association has adopted the following accounting standards and the amendments and interpretation of IFRSs which became effective for the current year:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement

Improvements to Accounting Standards Issued by the IASB in December 2013

- IFRS 2 Share-based Payment - Definitions of vesting conditions
- IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination
- IFRS 3 Business Combinations - Scope exceptions for joint ventures
- IFRS 8 Operating Segments – Aggregation of operating segments
- IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
- IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation
- IAS 24 Related Party Disclosures - Key management personnel
- IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

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The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

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

Standard or interpretation	Effective date (annual periods Beginning on or after)
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets – Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

The Association expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Association's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Association expects that such improvements to the standards will not have any material impact on the Association's financial statements in the period of initial application

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

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2.5 Significant Accounting Judgments and Estimates

The preparation of the Association's financial statements requires management to make judgments and estimates that affect the reported amounts of income, expenses, assets and liabilities, and the disclosure of contingency, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively. In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

	Notes
- determining the residual values and useful lives of property and equipment, intangible assets and impairment	3.1, 3.2 & 3.3
- short term investments	3.4
- provision for doubtful receivables	3.7
- provisions	3.10
- staff retirement benefit	3.11

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is charged to income and expenditure account applying the reducing balance method. Depreciation is charged from the month of the year in which addition / capitalization occurs, while no depreciation is charged in the month in which an asset is disposed off.

Maintenance and normal repairs are charged to income and expenditure account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any, are included in income and expenditure account currently.

3.2 Intangible asset

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of such assets can also be measured reliably. Computer software and implementation costs that are directly associated with the computer and computer controlled machines which cannot operate without the related specific software, are included in the cost of respective assets. Software which is not an integral part of the related hardware is classified as intangible assets. Intangible assets except for advance against future installation of softwares are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method when assets are available for use. Amortization is charged from the month of the year in which addition / capitalization occurs while no amortization is charged in the month in which an asset is disposed off.

Advance against software under development and installation is stated at cost.

3.3 Impairment

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

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3.4 Property and equipment

Held to maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold till maturity are classified as held to maturity and are stated at amortized cost using the effective interest rate method. Gains and losses are recognized in income and expenditure account when the investments are derecognized or impaired, as well as through the amortization process.

Available-for-sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale. These are initially measured at fair value plus directly attributable transaction costs. After initial measurement, these are stated at fair values (except for unquoted investments where active market does not exist) with unrealized gains or losses recognized directly in equity until the investment is disposed off or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in statement of changes in funds and reserves is recognized in the income and expenditure account.

3.5 Financial instruments

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received and are recognized at the time when the Association becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is reported in the income and expenditure account for the period in which it arises.

3.6 Deposits and prepayments

These are carried at cost less provision for impairment, if any.

3.7 Receivables

These are carried at cost less provision for doubtful balances. An estimate for doubtful balance is made when collection of the amount is no longer probable. Bad debts are written-off when identified.

3.8 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances.

3.9 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 future for goods and services received whether or not billed to the Association.

3.10 Provisions

Provisions are recognized when the Association has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.11 Staff retirement benefits

The Association operates an unfunded defined benefit gratuity scheme (the scheme) for all employees who have completed the minimum qualifying period of service. Provision is made annually to cover the obligations under the scheme based on the assumption that such benefits are payable to all employees at the end of each accounting year. Due to the limited number of employees, no actuarial valuation for gratuity scheme is carried out and the management also considers that the financial impact is not material.

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3.12 Revenue Recognition

- Subscription from members is recorded on an accrual basis. Subscription received in advance for the following year(s) is taken to liabilities.
- Seminar fee is recognized on an accrual basis.
- Management convention fee is recognized on an accrual basis.
- Profit on investments is recognized on an accrual basis based on effective interest rate method.
- Entrance fee from members is recorded on an accrual basis.
- Profit on PLS and call treasury accounts is recognised on an accrual basis.
- Dividends from NIT units is recognised when the right to receive the same is established.

3.13 Operating lease rentals

Lease payments for asset under operating lease arrangement is recognized as an expense in the income and expenditure account on a straight line basis over the lease term.

3.14 Restricted fund from Amir S Chinoy Foundation (ASCF)

Funds received as grants / donations for specific purposes from ASCF are classified as restricted funds. Income accrued on ASCF restricted fund are classified as deferred income and shall be recognized in income and expenditure account on a systematic basis over the periods in which the Association recognises as expenses the related costs for Corporate Excellence Award Events. In return the Association has agreed to permanently name its circulation trophy in business and industrial category as 'Amir S Chinoy Corporate Excellence Award'.

3.15 Deferred income

Return / Income on restricted fund from ASCF are initially recognized as deferred income when there is reasonable assurance that the Association will comply with the conditions associated with the restricted fund.

This return / income from restricted fund from ASCF that compensate the Association for expenses incurred are recognized in income and expenditure account as deduction from related expenses on a systematic basis in the same period in which the expenses are recognised.

4. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE		Depreciation Rate
	As at January 01, 2015	Additions	Write offs / Disposals*	As at December 31, 2015	As at January 01, 2015	Charge for the year	Write offs / Disposals*	As at December 31, 2015	As December 31, 2015	
	-----Rupees-----									%
Furniture and fixtures	527,500	84,300	(136,500)	475,300	95,199	46,341	(93,464)	48,076	427,224	10
Library books	8,909	-	-	8,909	8,859	9	-	8,868	41	15
Office equipments	512,496	229,369	(393,926)	347,939	248,851	65,545	(204,317)	110,079	237,860	15
Air Conditioner and refrigerator	226,950	-	(54,050)	172,900	63,775	24,476	(34,119)	54,132	118,768	15
Others	1,063	-	(1,063)	-	1,063	-	(1,063)	-	-	15
2015	1,276,918	313,669	(585,539)	1,005,048	417,747	136,371	(332,963)	221,155	783,893	
2014	2,120,888	526,000	(1,369,970)*	1,276,918	1,375,156	112,957	(1,070,366)*	417,747	859,171	

5. INTANGIBLE ASSET

	Note	2015 (Rupees)	2014 (Rupees)
Operating intangible asset	5.1	-	35,676
Advance against development and installation of various softwares	5.2	137,500	137,500
		<u>137,500</u>	<u>173,176</u>

5.1 Operating intangible asset

Description	COST			AMORTIZATION			NET BOOK VALUE	
	As at 01 January 2015	Additions	As at 31 December 2015	As at 01 January 2015	Charge for the year	As at 31 December 2015	As at 31 December 2015	Amortization Rate
	-----Rupees-----							%
Computer software	139,583	-	139,583	103,907	35,676	139,583	-	33.33
2015	<u>139,583</u>	<u>-</u>	<u>139,583</u>	<u>103,907</u>	<u>35,676</u>	<u>139,583</u>	<u>-</u>	
2014	<u>139,583</u>	<u>-</u>	<u>139,583</u>	<u>57,380</u>	<u>46,527</u>	<u>103,907</u>	<u>35,676</u>	33.33

5.2 This represents advance against development of Members' Information System and installation of other operating systems and softwares.

	Note	2015 (Rupees)	2014 (Rupees)
6. SUBSCRIPTION RECEIVABLE FROM MEMBERS			
Balance at the beginning of the year		194,000	679,000
Subscription income for the year		5,493,000	5,717,533
Received during the year		(4,325,084)	(3,492,851)
Advance fee and subscription adjusted during the year		(810,099)	(2,509,682)
Provision for bad debts		-	(200,000)
Balance at the end of the year		<u>551,817</u>	<u>194,000</u>
7. DEPOSITS AND PREPAYMENTS			
Security deposits		260,000	260,000
Prepayments		1,733,793	1,548,427
		<u>1,993,793</u>	<u>1,808,427</u>
8. SHORT TERM INVESTMENTS			
Held to maturity			
Certificates of Investments - Pak Oman Investment Company Limited	8.1	6,258,116	7,723,289
Certificates of Investments - Orix Leasing Pakistan Limited	8.2	-	3,425,561
Term Deposit Receipts	8.3	9,711,223	6,580,386
		<u>15,969,339</u>	<u>17,729,236</u>
Available-for-sale			
Quoted securities	8.4	1,394,505	1,456,028
		<u>17,363,844</u>	<u>19,185,264</u>

8.1 These represent Certificates of Investments having aggregate face value of Rs. 6.15 million (2014: Rs. 7.5 million). It includes donation of Rs. 5.0 million received from Amir S Chinoy Foundation (ASCF) as per Memorandum of Understanding (MOU) between the Association and ASCF. As per MOU, ASCF has donated Rs. 5.0 million as fixed corpus to the Association to meet the expenses related to its Corporate Excellence Awards events which are held each year. In consideration thereof, the Association is required to permanently name its circulation trophy in business and industrial category as 'Amir S Chinoy Corporate Excellence Award' to be given to the top ranking company. These Certificate of Investments have been placed for a term of upto 4 months and have maturity upto March 2016. These carry mark up at the rate ranging from 6.50% to 6.85% (2014: Rs. 10%) per annum.

8.2 These represent investment in Certificate of Investments of Orix Leasing Pakistan Limited. These carry markup at the rates ranging from 10% to 14% (2014: 10% to 14%) per annum and have been matured in August 2015.

8.3 These represent Rs.9.55 million invested in Term Deposit Receipts with various commercial banks for a term of upto one year. These carry markup at the rates ranging from 5.30% to 7.50% (2014: 8.45% to 9.20%) per annum and have maturity upto December 2016.

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		Note	2015 (Rupees)	2014 (Rupees)
8.4 Available-for-sale - Quoted securities				
	<u>No. of units</u>			
	2015	2014	Units	
	<u>22,051</u>	<u>22,051</u>	National Investment Trust – Units	<u>1,394,505</u> <u>1,456,028</u>

9. CASH AND BANK BALANCES

Cash in hand			32,159	117,679
Bank balances				
- current accounts			204,380	904,142
- PLS accounts	9.1		3,901,682	216,407
- treasury call account	9.2		19,649	1,019
			<u>4,125,711</u>	<u>1,121,568</u>
			<u>4,157,870</u>	<u>1,239,247</u>

9.1 These carry profit at the rate ranging from 6% to 8% (2014: 6% to 8%) per annum.

9.2 This carries profit at the rate of 6.5% (2014: 6.5%) per annum.

10. DEFERRED LIABILITY – Staff gratuity

	2015 (Rupees)	2014 (Rupees)
Opening balance	-	469,582
Provision for the year	799,480	34,756
Payments during the year	(209,417)	(504,338)
	<u>590,063</u>	<u>-</u>

11. ADVANCE FEE AND SUBSCRIPTION

Subscription from members	1,896,516	735,432
Website/ Seminar fee	-	74,667
	<u>1,896,516</u>	<u>810,099</u>

12. TRADE AND OTHER PAYABLES

Accrued liabilities	250,870	177,721
MAP Convention / Conference expenses payable	2,228,801	691,827
Other payable	28,179	-
	<u>2,507,850</u>	<u>869,548</u>

13. CONTINGENCY AND COMMITMENT

13.1 Contingency

In 2011, a civil suit no. 73 of 2011 had been filed by one of the previous Executive Committee Members of the Association, before the Court of District and Session Judge Karachi (East). The Plaintiff has alleged that he has been defamed by the Association and other Defendants by virtue of a letter issued by the Defendants, issuance of which is disputed by the defendants, and has been alleged to have injured the reputation of the Plaintiff through libel and he is now seeking damages of Rs. 999 million. The matter is pending before the Honorable Court of District and Session Judge Karachi (East).

Based on the opinion of the legal counsel of the Association, the management is confident that the Association has a reasonable case against the allegations since the alleged letters forming the basis of the defamation have not been written by the defendants. Hence, based on the opinion of the legal counsel, no provision in respect of the above claim for damage has been made in these financial statements.

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13.2 Commitment

Commitment for rentals under lease agreement:

	Note	2015 (Rupees)	2014 (Rupees)
Within one year		210,034	339,444
After one year but not more than five years		-	337,092
	13.2.1	<u>210,034</u>	<u>676,536</u>

13.2.1 This represents Lease Finance Facility entered into with Faysal Bank Limited in respect of a vehicle. Total lease rentals due under the agreement is Rs. 0.210 million (2014: Rs. 0.677 million) and are payable in monthly installments latest by December 2016. This facility is secured by on demand promissory note of Rs. 2.397 million (2014: Rs. 2.397 million).

14. NET INCOME FROM SEMINARS AND COURSES

	Note	2015 (Rupees)	2015 (Rupees)
Income		3,088,093	2,641,156
Expenses		<u>(2,187,386)</u>	<u>(1,389,327)</u>
		<u>900,707</u>	<u>1,251,829</u>

15. NET INCOME FROM MANAGEMENT CONVENTION / CONFERENCE

Income		6,633,279	12,138,980
Expenses		<u>(4,710,961)</u>	<u>(8,618,419)</u>
		<u>1,922,318</u>	<u>3,520,561</u>

16. RETURN ON INVESTMENTS

Markup / dividend on:

- Certificate of investments		182,397	568,966
- National Investment Trust Limited Units		-	73,595
- Term Deposits Receipts		<u>569,977</u>	<u>434,221</u>
		<u>752,374</u>	<u>1,076,782</u>

17. OTHER INCOME

Profit on:			
- PLS accounts		114,368	311,259
- Treasury call account		16,616	39,373
Recovery of bad debts written off in prior years'		125,784	299,800
AIM admission test		732,561	42,956
Liability no longer payable written back		200,000	-
Others		-	4,320
		<u>1,189,329</u>	<u>697,708</u>

18. SALARIES AND OTHER BENEFITS

Salaries and allowances	18.1	6,209,053	6,080,397
Provision for gratuity		799,480	34,756
Ex-gratia payments		-	810,728
Contribution to Employees Old Age Benefits Institution		-	9,854
Medical assistance		-	53,052
		<u>7,008,533</u>	<u>6,988,787</u>

18.1 This includes remuneration amounting to Rs. 3.294 million (2014: Rs. 3.303 million) to the Executive Director of the Association.

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	Note	2015 (Rupees)	2014 (Rupees)
19. ADMINISTRATIVE AND GENERAL EXPENSES			
Office rent		1,703,648	1,293,264
Utilities		427,178	382,973
Telephone expenses		110,137	101,447
Office and general expenses		226,684	219,795
Printing and stationery		355,982	248,614
Postage		156,297	98,269
Insurance		134,674	147,292
Conveyance		29,325	56,714
Annual report and meeting		516,378	298,947
Entertainment		93,151	82,119
Depreciation	4	136,371	112,957
Amortization	5	35,676	46,527
Provision for bad debts		-	200,000
Bank charges		29,203	25,916
Legal and professional charges		488,445	330,000
Auditors' remuneration		120,000	100,000
Membership subscriptions		186,644	212,597
Travelling, boarding and lodging		77,300	167,557
Repair and maintenance		276,462	109,275
Website cost		80,000	35,400
Advertisement		-	86,500
Property and equipment written off		252,576	-
Lease rentals		338,977	341,124
Others		16,300	-
		<u>5,791,408</u>	<u>4,697,287</u>

20. TAXATION

The Association, being a not-for-profit organization, contends that it is eligible for a tax credit equal to one hundred percent of the tax payable under section 100C of the Income Tax Ordinance, 2001. Therefore, no provision for taxation has been made in this respect in these financial statements.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Executive Committee of the Association has overall responsibility for the establishment and oversight of the Association's risk management framework. The Committee is also responsible for developing and monitoring the Association's risk management policies.

The Association's activities expose it to a variety of financial risks such as:

- Market risk
- Credit risk and
- Liquidity risk

21.1 MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. As of the balance sheet date, the Association is not exposed to currency risk and other price risk, whereas the exposure to interest rate risk is given below:

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Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At the reporting date the interest rate profile of the Association's significant interest bearing financial instruments were as follows:

	Effective interest rate		Carrying amount	
	2015 (in Percent)	2014	2015 (Rupees)	2014 (Rupees)
Financial Assets				
Fixed rate instruments				
Certificate of Investments – Pak Oman Investment Company Limited	6.50%-6.85%	10%	6,258,116	7,723,289
Certificate of Investments - Orix Leasing Pakistan Limited	10%-14%	10%-14%	-	3,425,561
Term Deposit Receipts	5.30%-7.50%	8.45%-9.20%	9,711,223	6,580,386
			<u>15,969,339</u>	<u>17,729,236</u>
Financial Liability				
Variable rate instrument				
Faysal Bank Car Leasing	KIBOR+3%	KIBOR+3%	27,821	28,287

As of the balance sheet date, the Association is not significantly exposed to interest rate risk.

21.2 CREDIT RISK

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Association attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The maximum exposure to credit risk at the balance sheet date is as follows:

	2015 (Rupees)	2014 (Rupees)
Seminar fee receivable	326,106	510,699
Subscription receivable from members	551,817	194,000
Deposits	260,000	260,000
Accrued profit on PLS and treasury call accounts	45,418	139,833
Short term investments	17,363,844	19,185,264
Bank balances	4,125,711	1,121,568
	<u>22,672,896</u>	<u>21,411,364</u>

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	2015 (Rupees)	2014 (Rupees)
The ageing analysis of unimpaired seminar fee receivable and subscription receivable at 31 December is as follows:		
Past due but not impaired:		
Within 90 days	877,923	704,699
	<u>877,923</u>	<u>704,699</u>

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The credit quality of balances with bank can be assessed with reference to external credit ratings as follows:

Name of Bank	Rating Agency	Ratings		Date of Rating	2015 (Rupees)	2014 (Rupees)
		Short-term	Long-term			
Faysal Bank Limited	PACRA	A1+	AA	June 2015	470,100	135,560
	JCR-VIS	A-1+	AA	June 2015		
Bank Al-Habib Limited	PACRA	A1+	AA+	June 2015	19,648	707,176
MCB Bank Limited	PACRA	A1+	AAA	June 2015	3,453,484	102,749
United Bank Limited	JCR-VIS	A-1+	AA+	June 2015	155,882	149,451
Meezan Bank Limited	JCR-VIS	A-1+	AA	June 2015	8,226	8,226
The Bank of Punjab	PACRA	A1+	AA-	June 2015	18,371	18,406

The Association is not significantly exposed to concentrations of credit risk.

21.3 LIQUIDITY RISK

Liquidity risk reflects the Association's inability in raising fund to meet commitments. Liquidity risk arises because of the possibility that the Association could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Association'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. The Association manages liquidity risk by maintaining sufficient cash / bank balance. As at December 31, 2015, the Association's financial liabilities of Rs. 2,507,850 (2014: Rs. 869,548) are all current and due in next financial year.

21.4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The Association measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Valuation techniques using significant unobservable inputs.

Investments in units of open end funds are measured using Net Asset Value (NAV) of National Investment Unit Trust as at the reporting date, hence, fair value of such investments fall within Level 1 in fair value hierarchy mentioned above.

22. REMUNERATION OF EXECUTIVE DIRECTOR

	2015 (Rupees)	2014 (Rupees)
Managerial remuneration	3,042,000	2,967,000
Other perquisites	252,445	335,929
	<u>3,294,445</u>	<u>3,302,929</u>

22.1 The Executive Director is provided with free use of the Association's maintained car.

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23. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 7 (2014: 8) and the average number of persons employed during the year were 6 (2014: 7)

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Executive Committee of the Association on March 25, 2015.

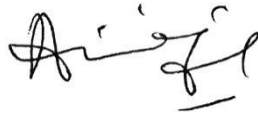
25. GENERAL

Figures have been rounded off to the nearest rupee.

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PRESIDENT



HONORARY SECRETARY



HONORARY TREASURER