



MANAGEMENT ASSOCIATION OF PAKISTAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

Ernst & Young Ford Rhodes Sidat Hyder
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MANAGEMENT ASSOCIATION OF PAKISTAN (Incorporated as a company limited by guarantee)** as at **31 December 2009** 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;
 - 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 capital 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 2009** and of the surplus, 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).

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants


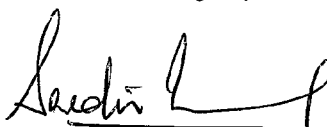
Audit Engagement Partner: Riaz A. Rehman Chamdia

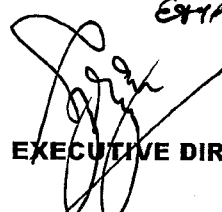
15 March 2010
Karachi

MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT DECEMBER 31, 2009

	Note	2009 (Rupees)	2008 (Rupees)
Property, plant and equipment	3	1,159,982	1,263,742
Long term investments	4	7,814,482	5,600,693
Current Assets			
Seminar fee receivable		220,000	3,635,741
Subscription receivable from members		969,750	332,500
Advances – unsecured, considered good		31,738	202,847
Deposits and prepayments	5	768,411	733,998
Accrued profit		73,210	66,868
Short term investments	6	6,387,442	5,694,686
Cash and bank balances	7	5,740,220	8,187,696
		14,190,771	18,854,336
Less: Current Liabilities			
Advance fee and subscription	8	2,734,720	2,898,905
Trade and other payables	9	1,267,513	4,683,152
		4,002,233	7,582,057
Net Current Assets		10,188,538	11,272,279
Deferred liability for staff gratuity	10	(1,691,004)	(2,400,558)
		17,471,998	15,736,156
REPRESENTED BY:			
Capital and reserves			
Capital		87,356	87,356
Library fund		5,000	5,000
Members' general fund		3,063,150	2,856,975
Unrealized gain on available for sale investments		152,152	-
Accumulated surplus		14,164,340	12,786,825
		17,471,998	15,736,156

The annexed notes from 1 to 20 form an integral part of these financial statements.



PRESIDENT **HONORARY TREASURER**

 *EX-11/11/09*
EXECUTIVE DIRECTOR

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2009**

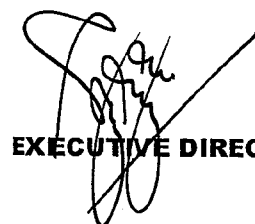
	Note	2009 (Rupees)	2008 (Rupees)
INCOME			
Subscription from members		5,682,110	4,279,375
Net income from seminars and courses	11	475,383	747,090
Profit on investments	12	1,442,706	1,214,012
Net income from management conference/convention	13	1,472,129	3,478,935
Net Income from Corporate Excellence Award	14	237,441	48,137
Entrance fee		206,175	266,000
Other income	15	206,411	95,343
		<u>9,722,355</u>	<u>10,128,892</u>
EXPENDITURE			
Staff cost	16	5,399,288	5,121,408
Other establishment costs and administrative expenses	17	2,739,377	2,948,864
Impairment loss on investments		-	485,109
		<u>8,138,665</u>	<u>8,555,381</u>
Surplus for the year		<u>1,583,690</u>	<u>1,573,511</u>
Accumulated surplus brought forward		<u>12,786,825</u>	<u>11,479,314</u>
Accumulated surplus available for appropriation		<u>14,370,515</u>	<u>13,052,825</u>
Appropriations:			
Transferred to members' general fund		(206,175)	(266,000)
Accumulated surplus carried forward		<u>14,164,340</u>	<u>12,786,825</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

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PRESIDENT


HONORARY TREASURER


EXECUTIVE DIRECTOR

MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009

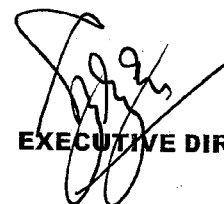
	Note	2009 (Rupees)	2008 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		1,583,690	1,573,511
Adjustments for:			
Depreciation		217,849	241,558
Unrealised gain on available for sale investment		(152,152)	-
Impairment loss on available for sale investment		-	485,109
Provision for gratuity		600,006	347,879
Profit on investments		(1,442,706)	(1,214,012)
Profit on term deposit		(73,210)	(83,403)
Bad debts written off		15,000	240,000
		748,477	1,590,642
Working capital changes			
Decrease/(increase) in seminar fee receivable		3,415,741	(3,497,841)
(Increase)/decrease in subscription receivable		(637,250)	23,125
Decrease/(increase) in advances, deposits, prepayments and accrued interest		130,354	(245,780)
(Decrease)/increase in advance fee and subscription		(164,185)	759,241
(Decrease)/increase in trade and other payables		(3,415,639)	4,539,938
		(670,979)	1,578,683
		77,498	3,169,325
Gratuity paid		(1,309,560)	(43,830)
Net cash (used in)/generated from operating activities		(1,232,062)	3,125,495
CASH FLOWS FROM INVESTING ACTIVITY			
Fixed capital expenditure		(114,090)	(75,750)
Investments made during the year		(2,000,000)	(6,200,000)
Investments encashed upon maturity		-	8,200,000
Profit received		898,676	1,248,733
Net cash (used in)/generated from investing activities		(1,215,414)	3,172,983
Net (decrease)/increase in cash and cash equivalents		(2,447,476)	6,298,478
Cash and cash equivalents at the beginning of the year		8,187,696	1,889,218
Cash and cash equivalents at the end of the year	7	5,740,220	8,187,696

The annexed notes from 1 to 20 form an integral part of these financial statements.

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PRESIDENT


HONORARY TREASURER


EXECUTIVE DIRECTOR

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN CAPITAL & RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Capital	Library Fund	Members' General Fund	Unrealized gain/(loss) on available for sale investments	Accumulated Surplus	Total
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-----Rupees-----

Balance as at December 31, 2007	87,356	5,000	2,590,975	319,752	11,479,314	14,482,397
Net surplus for the year	-	-	-	-	1,573,511	1,573,511
Transferred during the year	-	-	266,000	-	(266,000)	-
Reversal of unrealised gain on available for sale investments	-	-	-	(319,752)	-	(319,752)
Balance as at December 31, 2008	87,356	5,000	2,856,975	-	12,786,825	15,736,156
Net surplus for the year	-	-	-	-	1,583,690	1,583,690
Transferred during the year	-	-	206,175	-	(206,175)	-
Unrealised gain on available for sale investments	-	-	-	152,152	-	152,152
Balance as at December 31, 2009	87,356	5,000	3,063,150	152,152	14,164,340	17,471,998

The annexed notes from 1 to 20 form an integral part of these financial statements.


PRESIDENT


HONORARY TREASURER


EXECUTIVE DIRECTOR

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. LEGAL STATUS AND NATURE OF ACTIVITIES

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 36-A/4, Chawla House, Opp: Beach Luxury Hotel, Lalazar, Karachi.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan and 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.

2.2 Basis of preparation

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 Property, plant and equipment

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the reducing balance method. Full year's depreciation is charged on additions, while no depreciation is charged on assets disposed off during the year. Maintenance and normal repairs are charged to income 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 are included in income currently.

2.4 Revenue recognition

- Entrance fee from members is recorded on accrual basis.
- Seminar fee is recognized on accrual basis.
- Management convention fee is recognized on accrual basis.
- Subscription from members is recorded on accrual basis. Subscription received in advance for the following year(s) is taken to liabilities.
- Profit on investments is recognized on accrual basis based on effective interest rate method.
- Profit on bank deposits is recognized on accrual basis.

2.5 Investments

Held to maturity

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to 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.

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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. They 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 or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in equity is recognized in the income and expenditure account.

2.6 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.

2.7 Advances and receivables

After initial measurement these are carried at amortized cost less any allowance for impairment.

Gains and losses are recognised in the income and expenditure account when the advances and receivables are derecognised or impaired.

2.8 Staff retirement benefits

The Association operates an unfunded defined benefit gratuity scheme for all employees who have completed the minimum qualifying period of service. Provision is made annually to cover the obligations under the scheme on the assumption that such benefits are payable to all employees at the end of each accounting year.

2.9 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, cash in transit and deposits with banks.

2.10 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 Company.

2.11 Provisions

Provisions are recognized when the Company 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.

2.12 Impairment

The carrying values of assets are 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 or cash-generating units are written down to their recoverable amount.

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3. PROPERTY, PLANT AND EQUIPMENT

	Cost as at January 01, 2009	Additions	Cost as at December 31, 2009	Accumulated depreciation as at January 01,2009	Depreciation for the year	Accumulated depreciation as at December 31,2009	Book value as at December 31, 2009	Depreci- ation rate %
Furniture and fixtures	465,827	-	465,827	207,307	25,852	233,159	232,668	10
Library books	8,909	-	8,909	8,776	20	8,796	113	15
Office equipment	1,211,146	114,090	1,325,236	739,773	87,820	827,592	497,644	15
Air conditioner and Refrigerator	242,883	-	242,883	191,178	7,756	198,934	43,949	15
Motor vehicle	941,425	-	941,425	459,415	96,402	555,817	385,608	20
Others	1,063	-	1,063	1,063	-	1,063	-	15
2009 - Rupees	<u>2,871,253</u>	<u>114,090</u>	<u>2,985,343</u>	<u>1,607,511</u>	<u>217,849</u>	<u>1,825,361</u>	<u>1,159,982</u>	
2008 - Rupees	<u>2,795,503</u>	<u>75,750</u>	<u>2,871,253</u>	<u>1,365,953</u>	<u>241,558</u>	<u>1,607,511</u>	<u>1,263,742</u>	

4. LONG TERM INVESTMENTS – Held to maturity – amortised cost	Note	2009 (Rupees)	2008 (Rupees)
Certificates of investment			
Orix Leasing Pakistan Limited	4.1	1,382,667	1,207,464
Orix Leasing Pakistan Limited	4.2	1,225,008	1,224,736
Orix Leasing Pakistan Limited	4.3	2,017,948	-
Atlas Bank Limited	4.4	3,188,859	3,168,493
		<u>7,814,482</u>	<u>5,600,693</u>

- 4.1 Represents Rs.1 million (2008: Rs 1 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup rate of 14.51% per annum maturing on August 16, 2013.
- 4.2 Represents Rs. 1.2 million (2008: 1.2 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup rate of 11% per annum maturing on April 16, 2013.
- 4.3 Represents Rs. 2 million (2008: NIL), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup rate of 14% per annum maturing on March 05, 2012.
- 4.4 Represents Rs. 3 million (2008: 3 million), invested in Certificate of Investment of Atlas Bank Limited carrying markup rate of 10% per annum maturing on September 03, 2011.

5. DEPOSITS AND PREPAYMENTS	Note	2009 (Rupees)	2008 (Rupees)
Security deposits		115,480	115,480
Prepayments		652,931	618,518
		<u>768,411</u>	<u>733,998</u>

6. SHORT TERM INVESTMENTS

Held to maturity – Term Finance Certificates - amortised cost	6.1	5,720,399	5,179,795
Available-for-sale – Quoted securities – fair value	6.2	667,043	514,891
		<u>6,387,442</u>	<u>5,694,686</u>

- 6.1 Represents Rs.5 million (2008: Rs 5 million), invested in Term Finance Certificate of Faysal Bank Limited carrying markup rate of 11.75% (2008:12.5%) per annum maturing on September 13, 2010.

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	Note	2009 (Rupees)	2008 (Rupees)												
6.2 Available-for-sale - Quoted securities - fair value															
		<table border="1"> <thead> <tr> <th colspan="2">No. of units</th> <th></th> </tr> <tr> <th>2009</th> <th>2008</th> <th></th> </tr> </thead> <tbody> <tr> <td colspan="2"></td> <td style="text-align: center;">UNITS</td> </tr> <tr> <td><u>22,051</u></td> <td><u>22,051</u></td> <td>National Investment Trust Units</td> </tr> </tbody> </table>		No. of units			2009	2008				UNITS	<u>22,051</u>	<u>22,051</u>	National Investment Trust Units
No. of units															
2009	2008														
		UNITS													
<u>22,051</u>	<u>22,051</u>	National Investment Trust Units													
		<u>667,043</u>	<u>514,891</u>												
7. CASH AND BANK BALANCES															
In hand		24,817	793												
With banks on - current account		140,559	(28,005)												
- PLS account	7.1	5,574,844	8,199,908												
In transit		-	15,000												
		<u>5,740,220</u>	<u>8,187,696</u>												
7.1 It carries profit at the rate of 5.0 % (2008:1.0 %) per annum.															
8. ADVANCE FEE AND SUBSCRIPTION															
Subscription from members		2,734,720	2,867,145												
Seminar fee		-	31,760												
		<u>2,734,720</u>	<u>2,898,905</u>												
9. TRADE AND OTHER PAYABLES															
Seminar expenses		-	75,000												
Accrued liabilities		101,845	88,658												
MAP Conference/Convention expenses payable		1,165,668	4,519,494												
		<u>1,267,513</u>	<u>4,683,152</u>												
10. DEFERRED LIABILITY – Staff gratuity															
Opening balance		2,400,558	2,096,509												
Provision for the year		600,006	347,879												
Payments during the year		(1,309,560)	(43,830)												
		<u>1,691,004</u>	<u>2,400,558</u>												
11. NET INCOME FROM SEMINARS AND COURSES															
Fee		1,232,068	2,187,343												
Expenses		(756,685)	(1,440,253)												
		<u>475,383</u>	<u>747,090</u>												
12. PROFIT ON INVESTMENTS															
Certificate of investments		827,433	677,021												
Term finance certificates		540,605	413,506												
National Investment Trust Units		58,986	123,485												
Term deposits		15,682	-												
		<u>1,442,706</u>	<u>1,214,012</u>												
13. NET INCOME FROM MANAGEMENT CONFERENCE/CONVENTION															
Fee		3,703,096	9,765,917												
Expenses		(2,230,967)	(6,286,982)												
		<u>1,472,129</u>	<u>3,478,935</u>												

Signature

Management Association of Pakistan

	Note	2009 (Rupees)	2008 (Rupees)
14. NET INCOME FROM CORPORATE EXCELLENCE AWARD			
Fee		1,257,810	1,148,219
Expenses		<u>(1,020,369)</u>	<u>(1,100,082)</u>
		<u>237,441</u>	<u>48,137</u>
15. OTHER INCOME			
Profit on PLS account		206,411	83,403
Income from sale of articles		-	11,940
		<u>206,411</u>	<u>95,343</u>
16. STAFF COST			
Salaries and allowances	16.1	3,991,359	4,278,062
Provision for gratuity		600,006	347,879
Ex-gratia payments		586,129	309,287
Contribution to Employees Old Age Benefits Institution		25,920	23,586
Medical assistance		<u>195,874</u>	<u>162,594</u>
		<u>5,399,288</u>	<u>5,121,408</u>

16.1 Salaries and allowances

Include remuneration amounting to Rs. 2.210 million (2008: Rs. 1.642 million) to the Executive Director of the Association.

	Note	2009 (Rupees)	2008 (Rupees)
17. OTHER ESTABLISHMENT COSTS AND ADMINISTRATIVE EXPENSES			
Office rent		690,408	627,643
Utilities		233,711	178,372
Telephone expenses		92,439	103,830
Office and general expenses		274,824	329,211
Printing and stationery		153,007	196,289
Postage		123,952	138,077
Conveyance		113,599	192,125
Annual report and meeting		273,946	111,992
Entertainment		210,494	126,016
Depreciation	3	217,849	241,558
Bad debts		15,000	240,000
Bank charges		24,976	14,725
Legal and professional		50,000	-
Auditors' remuneration		75,000	50,000
Membership subscriptions		23,265	23,063
Travelling, boarding and lodging		21,650	196,542
Repair and maintenance		37,470	95,957
Website cost		<u>107,787</u>	<u>83,464</u>
		<u>2,739,377</u>	<u>2,948,864</u>

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18. TAXATION

The Association, being a charitable organization, contends its income exempt from tax under clause 58 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Therefore, no provision for taxation has been made in these financial statements in respect of the sources of income specified to be exempt from tax under the said clause.

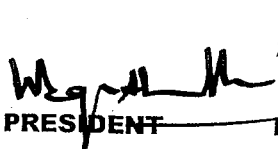
19. SUBSEQUENT EVENT


A show cause notice from the Securities and Exchange Commission of Pakistan (SECP) arising out of a complaint, was received by the Association in September 2009, raising an issue relating to the payment of remuneration to the Executive Director being a nominee of an institutional member / individual member. Representations were made through a legal counsel that the payments were not in violation of any regulations. However, subsequent to the balance sheet date, an order of SECP has been received, which requires that the Association should recover amounts paid to the Executive Director approximating to Rs.4.7 million covering the period of his alleged individual membership till his retirement from the Association. SECP has also imposed a fine of Rs.20,000/- on the Association. The Executive Committee is considering various options, including filing of appeal and action will be taken based on legal advice.

20. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Executive Committee of the Association on 15 MAR, 2010.

ET/FA/10


PRESIDENT


HONORARY TREASURER


EXECUTIVE DIRECTOR