

## 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 2014 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 2014 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).



**Chartered Accountants**

**Audit Engagement Partner:** Riaz A. Rehman Chamdia

**Dated:** March 10, 2015

**Place:** Karachi

## BALANCE SHEET AS AT DECEMBER 31, 2014

	Note	2014 (Rupees)	2013 (Rupees)
<b>NON - CURRENT ASSETS</b>			
Property and equipment	3	859,171	745,732
Intangible asset	4	173,176	219,703
Long term investments	5	-	3,298,392
Long term deposits		<b>330,800</b>	330,800
		<b>1,363,147</b>	<b>4,594,627</b>
<b>CURRENT ASSETS</b>			
Seminar fee receivable		<b>510,699</b>	2,216,305
Subscription receivable from members	6	<b>194,000</b>	679,000
Deposits and prepayments	7	<b>1,808,427</b>	1,327,694
Accrued profit on PLS and treasury call accounts		<b>139,833</b>	-
Short term investments	8	<b>19,185,264</b>	15,499,727
Cash and bank balances	9	<b>1,239,247</b>	3,190,037
		<b>23,077,470</b>	22,912,763
<b>LESS: CURRENT LIABILITIES</b>			
Advance fee and subscription	10	<b>810,099</b>	3,492,851
Trade and other payables	11	<b>869,548</b>	1,474,206
Deferred Income		<b>28,767</b>	109,417
		<b>1,708,414</b>	5,076,474
		<b>22,732,203</b>	<b>22,430,916</b>
<b>REPRESENTED BY:</b>			
<b>CAPITAL AND RESERVES</b>			
Capital		<b>87,356</b>	87,356
Library fund		<b>5,000</b>	5,000
Members' general fund		<b>3,975,351</b>	3,565,050
Unrealized gain on available-for-sale investments		<b>941,137</b>	581,926
Restricted Fund from ASCF		<b>5,000,000</b>	5,000,000
Accumulated surplus		<b>12,723,359</b>	12,722,002
		<b>22,732,203</b>	21,961,334
<b>NON - CURRENT LIABILITY</b>			
Deferred liability - staff gratuity	12	-	469,582
<b>CONTINGENCY AND COMMITMENT</b>			
	20	-	-
		<b>22,732,203</b>	<b>22,430,916</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

\*The President/Chief Executive Officer is presently out of the country therefore these Financial Statements have been signed by the Honorary Secretary (Member Executive Committee), Honorary Treasurer (Member Executive Committee) and Executive Director.

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*Azeef Ikram*  
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**HONORARY SECRETARY**

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**HONORARY TREASURER**

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**EXECUTIVE DIRECTOR**

## INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2014

INCOME	Note	2014 (Rupees)	2013 (Rupees)
Subscription from members		5,717,533	5,538,225
Net income from seminars and courses	13	1,251,829	1,113,347
Net income from management convention / conference	14	3,520,561	2,641,113
Net income from Corporate Excellence Awards		-	179,116
Return on investments	15	1,076,782	800,158
Entrance fee		410,301	125,400
Other income	16	697,708	335,532
		<u>12,674,714</u>	<u>10,732,891</u>
<b>EXPENDITURE</b>			
Net loss on Corporate Excellence Awards		296,378	-
Staff cost	17	6,988,787	8,121,068
Administrative and general expenses	18	4,697,287	4,766,160
Loss on disposal of property and equipment		280,604	-
		<u>12,263,056</u>	<u>12,887,228</u>
<b>Surplus / (deficit) for the year</b>		<u>411,658</u>	<u>(2,154,337)</u>

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*Azeef Ikram*

HONORARY SECRETARY

*Azizul*

HONORARY TREASURER

*Kalshidvi*

EXECUTIVE DIRECTOR



## CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014 (Rupees)	2013 (Rupees)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus / (deficit) for the year		411,658	(2,154,337)
<b>Adjustments for:</b>			
Depreciation		112,957	114,550
Amortization		46,527	41,095
Loss on disposal of property and equipment		280,604	-
Provision for gratuity		34,756	210,995
Return on investments		(1,076,782)	(800,158)
Profit on PLS and treasury call account		(350,632)	(328,420)
Provisions for Bad debts		200,000	1,086,700
		(340,912)	(1,829,575)
<b>Decrease in working capital</b>			
Decrease in seminar fee receivable		1,705,606	1,490,580
Decrease in subscription receivable from members		285,000	(1,080,000)
Decrease in advances		-	113,750
Increase in deposits and prepayments and other receivables		(620,566)	(237,136)
(Decrease) / increase in advance fee and subscription		(2,682,752)	511,856
Decrease in trade and other payables		(604,658)	(1,445,529)
		(1,917,370)	(646,479)
<b>Cash used in operating activities</b>		(2,258,282)	(2,476,054)
Gratuity paid		(504,338)	(605,075)
<b>Net cash used in operating activities</b>		(2,762,620)	(3,081,129)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(526,000)	(112,000)
Proceeds from disposal of property and equipment		19,000	-
Investments made during the year		(14,000,000)	(13,200,000)
Investments encashed during the year		14,000,000	9,090,120
Profit received on investments		1,108,030	806,129
Profit received on PLS and treasury call accounts		210,800	363,559
<b>Net cash generated from / (used) in from investing activities</b>		811,830	(3,052,192)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt of Restricted Fund from ASCF		-	5,000,000
<b>Net decrease in cash and cash equivalents</b>		(1,950,790)	(1,133,321)
Cash and cash equivalents at the beginning of the year		3,190,037	4,323,358
<b>Cash and cash equivalents at the end of the year</b>	9	1,239,247	3,190,037

The annexed notes from 1 to 21 form an integral part of these financial statements.

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*Signature*

*Azeef Ikram*

**HONORARY SECRETARY**

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**HONORARY TREASURER**

*Signature*

**EXECUTIVE DIRECTOR**

## STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED DECEMBER 31, 2014

	Capital	Library fund	Members' General Fund	Unrealized gain / (loss) on available for sale investments	Restricted fund from ASCF	Accumulated surplus	Total
Balance as at December 31, 2012	87,356	5,000	3,439,650	216,982	-	15,001,739	18,750,727
Deficit for the year	-	-	-	-	-	(2,154,337)	(2,154,337)
Transferred during the year	-	-	125,400	-	-	(125,400)	-
Received during the year	-	-	-	-	5,000,000	-	5,000,000
Unrealized gain on available -for-sale investments	-	-	-	364,944	-	-	364,944
<b>Balance as at December 31, 2013</b>	<b>87,356</b>	<b>5,000</b>	<b>3,565,050</b>	<b>581,926</b>	<b>5,000,000</b>	<b>12,722,002</b>	<b>21,961,334</b>
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
<b>Balance as at December 31, 2014</b>	<b>87,356</b>	<b>5,000</b>	<b>3,975,351</b>	<b>941,137</b>	<b>5,000,000</b>	<b>12,723,359</b>	<b>22,732,203</b>

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*Asef Ikram*

HONORARY SECRETARY

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HONORARY TREASURER

*Signature*

EXECUTIVE DIRECTOR



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

### 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, Khayaban e Shahbaz, Defence Phase 6, Karachi. During the year ended December 31, 2013, the Association has established its office in Lahore in order to meet its objectives on a large scale. The activities of the Lahore office are similar to that of the Karachi office.

### 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 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.

#### 2.4 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.

#### 2.5 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 bank deposits is recognised on an accrual basis.
- Dividends from NIT units is recognised when the right to receive the same is established.

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## 2.6 Investments

### 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 capital and reserves is recognized in the income and expenditure account.

## 2.7 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.

## 2.8 Deposits and prepayments

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

## 2.9 Advances and receivables

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

Gains and losses are recognized in the income and expenditure account when the advances and receivables are derecognized or impaired.

## 2.10 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.

## 2.11 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.

## 2.12 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.

## 2.13 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.

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## 2.14 Operating lease rentals

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

## 2.15 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.

## 2.16 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 Excellence Award'.

## 2.17 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.

## 3. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE		Rate	
	As at January 01, 2014	Additions	Disposals	As at December 31, 2014	As at January 01, 2014	Charge for the Year	(Disposal)	As at December 31, 2014		As at December 31, 2014
----- Rupees -----										
Furniture and fixtures	475,277	391,000	(338,777)	527,500	315,217	21,731	(241,749)	95,199	432,301	10
Library books	8,909	-	-	8,909	8,850	9	-	8,859	50	15
Office equipments	1,452,389	-	(939,893)	512,496	921,515	79,631	(752,295)	248,851	263,645	15
Air Conditioner and refrigerator	183,250	135,000	(91,300)	226,950	128,511	11,586	(76,322)	63,775	163,175	15
Others	1,063	-	-	1,063	1,063	-	-	1,063	-	15
<b>2014</b>	<b>2,120,888</b>	<b>526,000</b>	<b>(1,369,970)</b>	<b>1,276,918</b>	<b>1,375,156</b>	<b>112,957</b>	<b>(1,070,366)</b>	<b>417,747</b>	<b>859,171</b>	
<b>2013</b>	<b>2,008,888</b>	<b>112,000</b>	<b>-</b>	<b>2,120,888</b>	<b>1,260,606</b>	<b>114,550</b>	<b>-</b>	<b>1,375,156</b>	<b>745,732</b>	

	Note	2014 (Rupees)	2013 (Rupees)
<b>4. INTANGIBLE ASSET</b>			
Operating intangible asset	4.1	<b>35,676</b>	82,203
Advance against development and installation of various softwares	4.2	<b>137,500</b>	137,500
		<b>173,176</b>	219,703





#### 4.1 Operating intangible asset

Description	COST			AMORTIZATION			Book value as at 31 December 2014	Amortization Rate % per annum
	As at 01 January 2014	Additions during the year	As at 31 December 2014	As at 01 January 2014	For the year	As at 31 December 2014		
----- Rupees -----								
<b>Computer software</b>								
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>	<u>33.33</u>
2013	<u>139,583</u>	<u>-</u>	<u>139,583</u>	<u>16,285</u>	<u>41,095</u>	<u>57,380</u>	<u>82,203</u>	<u>33.33</u>

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

Note	2014 (Rupees)	2013 (Rupees)
	<b>1,412,443</b>	1,284,682
	<b>1,003,452</b>	1,003,699
	<b>1,009,666</b>	1,010,011
	<b>3,425,561</b>	3,298,392
	<b>(3,425,561)</b>	-
	<b>-</b>	3,298,392

#### 5. LONG TERM INVESTMENTS

Held to Maturity - at amortized cost

Certificate of investment

Orix Leasing Pakistan Limited

5.1 **1,412,443** 1,284,682

Orix Leasing Pakistan Limited

5.2 **1,003,452** 1,003,699

Orix Leasing Pakistan Limited

5.3 **1,009,666** 1,010,011

**3,425,561** 3,298,392

Less: Current portion

**(3,425,561)** -

**-** 3,298,392

5.1 This represents Rs.1.2million(2013:Rs. 1.2 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 11.05%(2013: 11.05%) per annum having maturity on April 16, 2015.

5.2 This represents Rs.1.0million(2013:Rs. 1.0 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 10%(2013: 10%) per annum having maturity on August 17, 2015.

5.3 This represents Rs.1.0 million (2013: Rs1.0 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 14% (2013: 14%) per annum having maturity on April 02, 2015.

Note	2014 (Rupees)	2013 (Rupees)
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#### 6. SUBSCRIPTION RECEIVABLE FROM MEMBERS

Balance as at the beginning of the year

**679,000** 664,000

Subscription income for the year

**5,717,533** 5,538,225

Received during the year

**(3,492,851)** (1,489,910)

Advance fee and subscription adjusted during the year

**(2,509,682)** (2,968,315)

Provision for bad debts

**(200,000)** (1,065,000)

Balance as at the end of the year

**194,000** 679,000

#### 7. DEPOSITS AND PREPAYMENTS

Security deposits

**260,000** 100,000

Prepayments

**1,548,427** 1,227,694

**1,808,427** 1,327,694

	Note	2014 (Rupees)	2013 (Rupees)
<b>8. SHORT TERM INVESTMENTS</b>			
<b>Held to maturity</b>			
Certificate of Investments	8.1	<b>7,723,289</b>	7,751,229
Term Deposit Receipts	8.2	<b>6,580,386</b>	6,651,681
Current portion of long term investments	5	<b>3,425,561</b>	-
		<u><b>17,729,236</b></u>	<u>14,402,910</u>
<b>Available-for-sale</b>			
Quoted securities	8.3	<b>1,456,028</b>	1,096,817
		<u><b>1,456,028</b></u>	<u>1,096,817</u>
		<u><b>19,185,264</b></u>	<u>15,499,727</u>

**8.1** This represents Certificate of Investments having aggregate face value of Rs. 7.5 million (2013: 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 Excellence Award' to be given to the top ranking company. This Certificate of Investment has been placed for a term of 1 year and maturing on 8 September 2015. These carry the mark up rate of 10% per annum (2013: Rs. 9.5% per annum).

**8.2** This represents Rs. 6.5 million (2013: Rs. 6.5 million) invested in one year term deposit receipts with various commercial banks, carrying markup at the rates ranging from 8.45% to 9.2% (2013: 8% to 11.5%) per annum, having maturity upto December 09, 2015.

	Note	2014 (Rupees)	2013 (Rupees)
<b>8.3 Available-for-sale -Quoted securities</b>			
		<b>No. of units</b>	
		<b>2014</b>	<b>2013</b>
		<u><b>22,051</b></u>	<u>22,051</u>
		<b>UNITS</b>	
		National Investment Trust - Units	
		<u><b>1,456,028</b></u>	<u>1,096,817</u>

**9. CASH AND BANK BALANCES**

In hand		<b>117,679</b>	25,944
With banks on		<b>904,142</b>	61,490
- current accounts		<b>216,407</b>	2,434,438
- PLS accounts	9.1	<b>1,019</b>	668,165
- treasury call account	9.2	<b>1,121,568</b>	3,164,093
		<u><b>1,239,247</b></u>	<u>3,190,037</u>

**9.1** These carry profit at the rate ranging from 6% to 8% (2013:6% to 7%) per annum.

**9.2** This carries profit at the rate of 6.5% (2013: 6.5%) per annum.

**10. ADVANCE FEE AND SUBSCRIPTION**

Subscription from members		<b>735,432</b>	3,426,184
Website/ Seminar fee		<b>74,667</b>	66,667
		<u><b>810,099</b></u>	<u>3,492,851</u>



	Note	2014 (Rupees)	2013 (Rupees)
<b>11. TRADE AND OTHER PAYABLES</b>			
Accrued liabilities		177,721	163,780
MAP Convention / Conference expenses payable		691,827	1,310,426
		<u>869,548</u>	<u>1,474,206</u>
<b>12. DEFERRED LIABILITY - Staff gratuity</b>			
Opening balance		469,582	863,662
Provision for the year		34,756	210,995
Payments during the year		(504,338)	(605,075)
		<u>-</u>	<u>469,582</u>
<b>12.1</b> As of the balance sheet date, there were no permanent employees of the Association entitled for the gratuity.			
<b>13. NET INCOME FROM SEMINARS AND COURSES</b>			
Income		2,641,156	2,899,899
Expenses		(1,389,327)	(1,786,552)
		<u>1,251,829</u>	<u>1,113,347</u>
<b>14. NET INCOME FROM MANAGEMENT CONVENTION / CONFERENCE</b>			
Income		12,138,980	10,582,656
Expenses		(8,618,419)	(7,941,543)
		<u>3,520,561</u>	<u>2,641,113</u>
<b>15. RETURN ON INVESTMENTS</b>			
Profit/ dividend on:			
Certificate of investments		568,966	173,750
National Investment Trust Limited Units		73,595	68,909
Term Deposits Receipts		434,221	557,499
		<u>1,076,782</u>	<u>800,158</u>
<b>16. OTHER INCOME</b>			
Profit on PLS accounts		311,259	222,144
Profit on treasury call account		39,373	106,276
Recovery of bad debts written off in prior years'		299,800	-
AIM admission test		42,956	7,112
Others		4,320	-
		<u>697,708</u>	<u>335,532</u>
<b>17. STAFF COST</b>			
Salaries and allowances	17.1	6,080,397	7,223,310
Provision for gratuity		34,756	210,995
Ex-gratia payments		810,728	509,911
Contribution to Employees Old Age Benefits Institution		9,854	32,160
Medical assistance		53,052	144,692
		<u>6,988,787</u>	<u>8,121,068</u>

**17.1** This includes remuneration amounting to Rs. 2.967 million (2013: Rs. 2.967 million) to the Executive Director of the Association.

*Signature*



	Note	2014 (Rupees)	2013 (Rupees)
<b>18. ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Office rent		<b>1,293,264</b>	1,010,826
Utilities		<b>382,973</b>	352,127
Telephone expenses		<b>101,447</b>	87,280
Office and general expenses		<b>219,795</b>	101,616
Printing and stationery		<b>248,614</b>	159,552
Postage		<b>98,269</b>	121,063
Insurance		<b>147,292</b>	152,021
Conveyance		<b>56,714</b>	52,890
Annual report and meeting		<b>298,947</b>	310,726
Entertainment		<b>82,119</b>	66,946
Depreciation	3	<b>112,957</b>	114,550
Amortization	4	<b>46,527</b>	41,095
Provision for bad debts / written off		<b>200,000</b>	1,086,700
Bank charges		<b>25,916</b>	19,736
Legal and professional charges		<b>330,000</b>	150,000
Auditors' remuneration		<b>100,000</b>	90,000
Membership subscriptions		<b>212,597</b>	181,198
Travelling, boarding and lodging		<b>167,557</b>	232,090
Repair and maintenance		<b>109,275</b>	62,184
Website cost		<b>35,400</b>	35,284
Advertisement		<b>86,500</b>	-
Lease rentals		<b>341,124</b>	338,276
		<b>4,697,287</b>	4,766,160

## 19. TAXATION

The Association, being a not-for-profit 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.

## 20. CONTINGENCY AND COMMITMENT

### 20.1 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.

*Signature*

**20.2** Commitment for rentals under lease agreement:

	Note	2014 (Rupees)	2013 (Rupees)
Within one year		339,444	338,268
After one year but not more than five years		337,092	676,536
	20.2.1	<u>676,536</u>	<u>1,014,804</u>

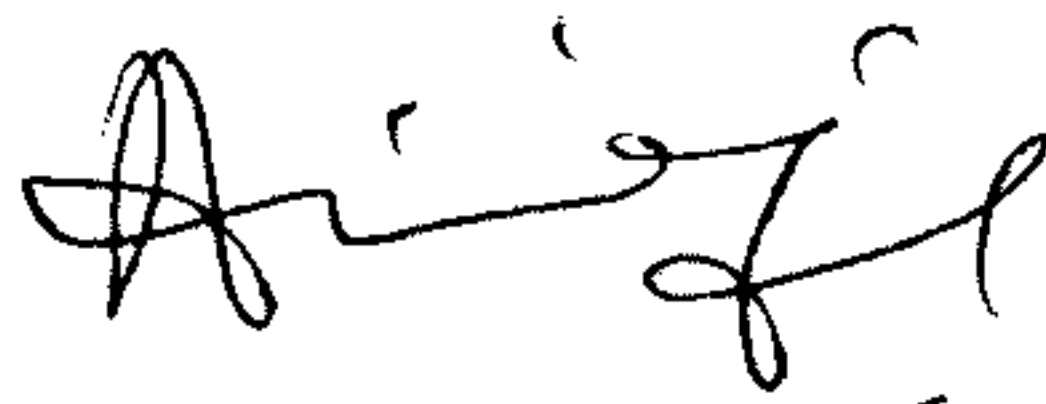
**20.2.1** This represents Lease Finance Facility entered into with Faysal Bank Limited in respect of a vehicle. Total lease rentals due under the agreement is Rs. 0.676 million (2013: Rs. 1.014 million) and are payable in monthly installments latest by December 2016. This facility is secured by on demand promissory note of Rs. 2.397 million (2013: Rs. 2.397 million).

**21. DATE OF AUTHORIZATION FOR ISSUE**

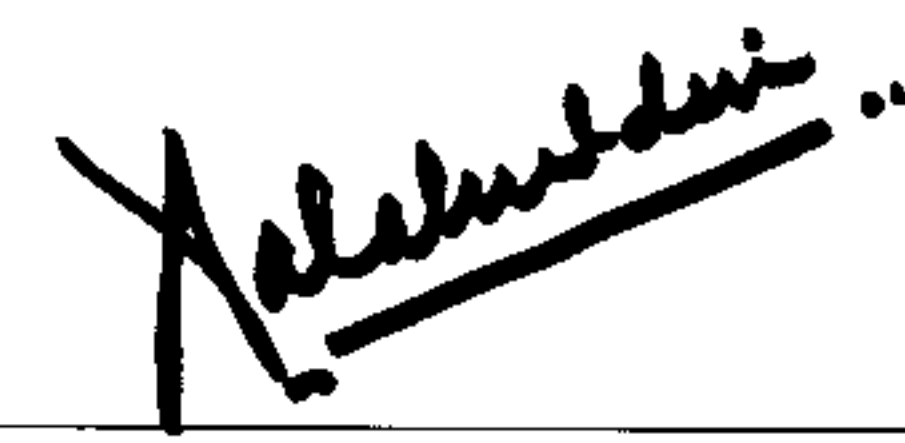
These financial statements have been authorized for issue by the Executive Committee of the Association on 10 March, 2015.




HONORARY SECRETARY



HONORARY TREASURER



EXECUTIVE DIRECTOR