

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 2013 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 2013 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 Feroz Roshan Ali Khan

Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia

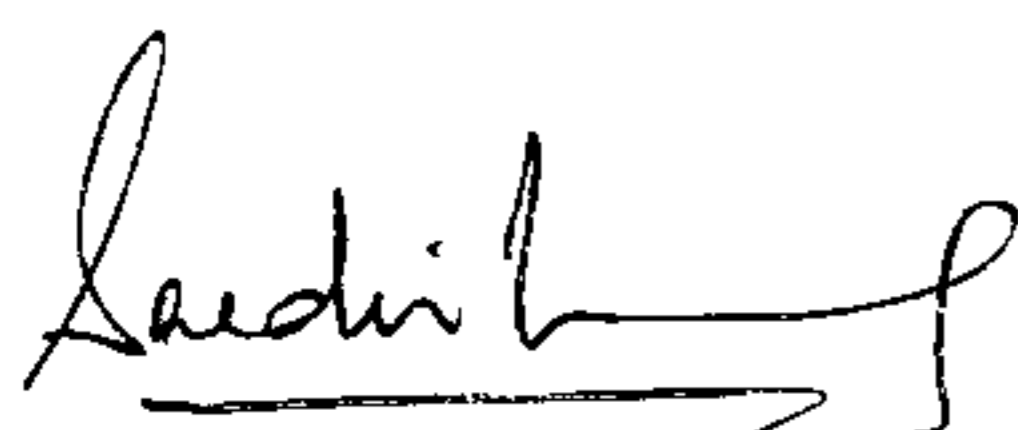
13 March 2014

Karachi.

BALANCE SHEET AS AT DECEMBER 31, 2013

	Note	2013 (Rupees)	2012 (Rupees)
NON – CURRENT ASSETS			
Property, plant and equipment	3	745,732	748,282
Intangible asset	4	219,703	260,798
Long term investments	5	3,298,392	1,011,506
Long term deposits		330,800	330,800
		<u>4,594,627</u>	<u>2,351,386</u>
CURRENT ASSETS			
Seminar fee receivable		2,216,305	3,728,585
Subscription receivable from members	6	679,000	664,000
Advances – unsecured, considered good		-	113,750
Deposits and prepayments	7	1,327,694	1,090,558
Accrued profit on PLS and treasury call accounts		-	35,139
Short term investments	8	15,499,727	13,208,343
Cash and bank balances	9	3,190,037	4,323,358
		<u>22,912,763</u>	<u>23,163,733</u>
LESS: CURRENT LIABILITIES			
Advance fee and subscription	10	3,492,851	2,980,995
Trade and other payables	11	1,474,206	2,919,735
Deferred Income		109,417	-
		<u>5,076,474</u>	<u>5,900,730</u>
		<u>22,430,916</u>	<u>19,614,389</u>
REPRESENTED BY:			
CAPITAL AND RESERVES			
Capital		87,356	87,356
Library fund		5,000	5,000
Members' general fund		3,565,050	3,439,650
Unrealized gain on available-for-sale investments		581,926	216,982
Fund Restricted for endowments – ASCF		5,000,000	-
Accumulated surplus		12,722,002	15,001,739
		<u>21,961,334</u>	<u>18,750,727</u>
NON – CURRENT LIABILITY			
Deferred liability - staff gratuity	12	469,582	863,662
CONTINGENCY AND COMMITMENT			
	20		
		<u>22,430,916</u>	<u>19,614,389</u>

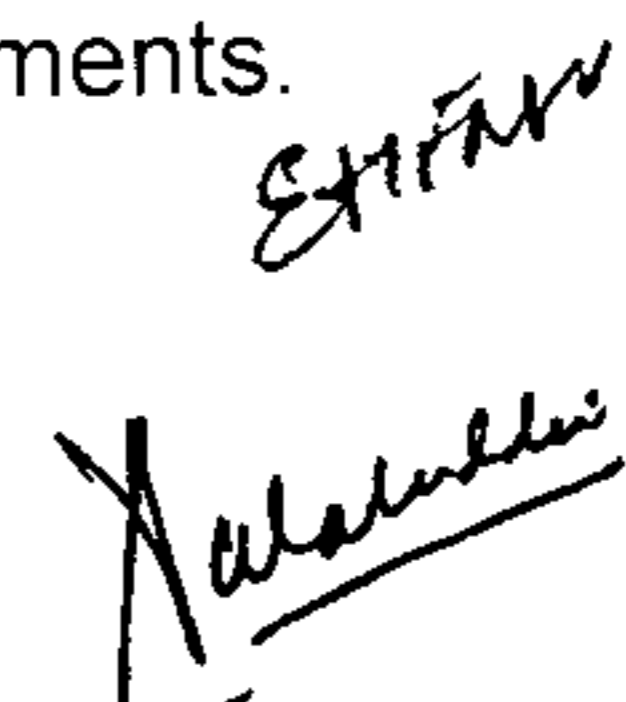
The annexed notes from 1 to 21 form an integral part of these financial statements.



PRESIDENT



HONORARY TREASURER



EXECUTIVE DIRECTOR

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013 (Rupees)	2012 (Rupees)
INCOME			
Subscription from members		5,538,225	5,295,705
Net income from seminars and courses	13	1,113,347	698,715
Net income from management convention / conference	14	2,641,113	2,344,057
Net income from Corporate Excellence Awards		179,116	145,953
Return on investments	15	800,158	1,353,782
Entrance fee		125,400	182,300
Other income	16	335,532	333,132
		<u>10,732,891</u>	<u>10,353,644</u>
EXPENDITURE			
Staff cost	17	8,121,068	5,796,188
Other establishment costs and administrative expenses	18	4,766,160	4,398,872
		<u>12,887,228</u>	<u>10,195,060</u>
(Deficit) / surplus for the year		<u>(2,154,337)</u>	<u>158,584</u>

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

Exhibit


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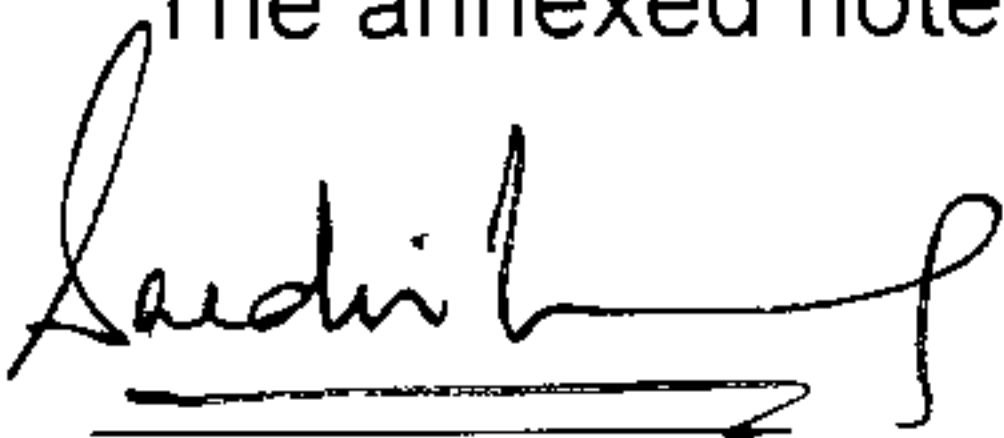

HONORARY TREASURER


EXECUTIVE DIRECTOR

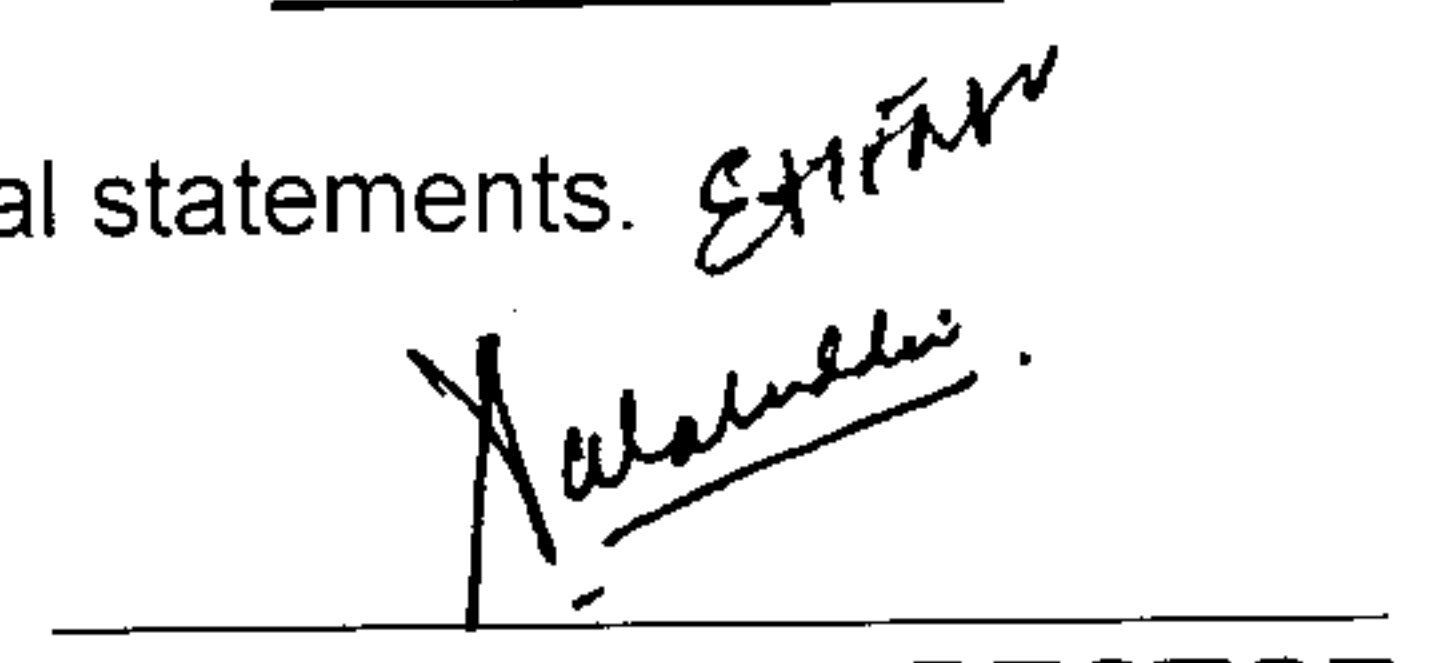
CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013 (Rupees)	2012 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / Surplus for the year		(2,154,337)	158,584
Adjustments for:			
Depreciation		114,550	102,806
Amortization		41,095	16,285
Loss on disposal of property, plant and equipment		-	-
Provision for gratuity		210,995	175,145
Return on investments		(800,158)	(1,353,782)
Profit on PLS and treasury call account		(328,420)	(303,132)
Bad debts written off		1,086,700	755,375
		<u>(1,829,575)</u>	<u>(448,719)</u>
(Increase) / decrease in working capital			
Decrease in seminar fee receivable		1,490,580	57,795
Increase in subscription receivable from members		(1,080,000)	(617,500)
Decrease in advances		113,750	134,454
Increase in deposits and prepayments		(237,136)	(91,238)
Increase / (decrease) in advance fee and subscription		511,856	(242,400)
Decrease in trade and other payables		(1,445,529)	(139,487)
		<u>(646,479)</u>	<u>(898,376)</u>
Cash used in operating activities		<u>(2,476,054)</u>	<u>(1,347,095)</u>
Gratuity paid		(605,075)	(932,741)
Long term deposit		-	(20,000)
Net cash used in operating activities		<u>(3,081,129)</u>	<u>(2,299,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(112,000)	(119,835)
Addition to intangible asset		-	(139,583)
Advance made against development and installation of softwares		-	(137,500)
Investments made during the year		(13,200,000)	(10,000,000)
Investments encashed during the year		9,090,120	7,500,000
Profit received on investments		806,129	934,375
Profit received on PLS and treasury call accounts		363,559	295,838
Net cash used in from investing activities		<u>(3,052,192)</u>	<u>(1,666,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Fund Restricted for endowments - ASCF		5,000,000	-
Net decrease in cash and cash equivalents		<u>(1,133,321)</u>	<u>(3,966,541)</u>
Cash and cash equivalents at the beginning of the year		<u>4,323,358</u>	<u>8,289,899</u>
Cash and cash equivalents at the end of the year	9	<u><u>3,190,037</u></u>	<u><u>4,323,358</u></u>

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


PRESIDENT


HONORARY TREASURER


EXECUTIVE DIRECTOR

STATEMENT OF CHANGES IN CAPITAL AND RESERVES FOR THE YEAR ENDED DECEMBER 31, 2013

	Capital	Library fund	Members' general fund	Unrealized gain / (loss) on available for sale investments	Restricted fund from ASFC	Accumulated surplus	Total
Balance as at December 31, 2011	87,356	5,000	3,257,350	56,230	-	15,025,455	18,431,391
Surplus for the year	-	-	-	-	-	158,584	158,584
Transferred during the year	-	-	182,300	-	-	(182,300)	-
Unrealized gain on available -for-sale investments	-	-	-	160,752	-	-	160,752
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
Balance as at December 31, 2013	87,356	5,000	3,565,050	581,926	5,000,000	12,722,002	21,961,334

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

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HONORARY TREASURER

Signature

EXECUTIVE DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 36-A/4, Chawla House, Opp: Beach Luxury Hotel, Lalazar, Karachi. During the current year, the company has established office at 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, plant 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 recognized on an accrual basis.

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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 Company.

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.

2.14 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.

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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 or cash-generating units 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 for ASCF. 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 entity 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, PLANT AND EQUIPMENT

	COST			ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at January 01, 2013	Additions	As at December 31, 2013	As at January 01, 2013	Charge for the year	As at December 31, 2013	As at December 31, 2013	Rate %
	-----Rupees-----			-----Rupees-----				
<u>December 31, 2013</u>								
Owned								
Furniture and fixtures	475,277	-	475,277	297,433	17,784	315,217	160,060	10
Library books	8,909	-	8,909	8,839	11	8,850	59	15
Office equipments	1,340,389	112,000	1,452,389	834,420	87,095	921,515	530,874	15
Air conditioner and refrigerator	183,250	-	183,250	118,851	9,660	128,511	54,739	15
Others	1,063	-	1,063	1,063	-	1,063	-	15
2013	2,008,888	112,000	2,120,888	1,260,606	114,550	1,375,156	745,732	
2012	1,889,053	119,835	2,008,888	1,157,800	102,806	1,260,606	748,282	

	Note	2013 (Rupees)	2012 (Rupees)
4. INTANGIBLE ASSET			
Operating intangible asset	4.1	82,203	123,298
Advance against development and installation of various softwares	4.2	137,500	137,500
		219,703	260,798

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4.1 Operating intangible asset

Following is a statement of operating intangible asset:

Description	C O S T			A M O R T I Z A T I O N			Book value as at December 31, 2013	Amortization Rate % per annum
	As at January 01, 2013	Additions during the year	As at December 31, 2013	As at January 01, 2013	For the year	As at December 31, 2013		
----- (Rupees) -----								
Computer software								
2013	139,583	-	139,583	16,285	41,095	57,380	82,203	33.33
2012	-	139,583	139,583	-	16,285	16,285	123,298	33.33

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

5. LONG TERM INVESTMENTS	Note	2013 (Rupees)	2012 (Rupees)
Held to Maturity – at amortized cost			
Certificate of investment			
Orix Leasing Pakistan Limited	5.1	1,284,682	-
Orix Leasing Pakistan Limited	5.2	1,003,699	-
Orix Leasing Pakistan Limited		-	1,873,492
Orix Leasing Pakistan Limited		-	1,238,334
Orix Leasing Pakistan Limited	5.3	1,010,011	1,011,506
		<u>3,298,392</u>	<u>4,123,332</u>
Less: Current portion		-	3,111,826
		<u>3,298,392</u>	<u>1,011,506</u>

5.1 This represents Rs. 1.2 million (2012: Nil), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 11.05% (2012: Nil) per annum having maturity on April 16, 2015.

5.2 This represents Rs. 1.0 million (2012: Nil), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 10% (2012: Nil) per annum having maturity on August 16, 2015.

5.3 This represents Rs. 1.0 million (2012: Rs 1.0 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 14% (2012: 14%) per annum having maturity on April 02, 2015.

6. SUBSCRIPTION RECEIVABLE FROM MEMBERS

Balance as at the beginning of the year	664,000	801,875
Subscription income for the year	5,538,225	5,295,705
Received during the year	(1,489,910)	(1,469,990)
Advance fee and subscription adjusted during the year	(2,968,315)	(3,208,215)
Provision for bad debts	(1,065,000)	(755,375)
Balance as at the end of the year	<u>679,000</u>	<u>664,000</u>

7. DEPOSITS AND PREPAYMENTS

Security deposits	100,000	100,000
Prepayments	1,227,694	990,558
	<u>1,327,694</u>	<u>1,090,558</u>

Exhibit

	Note	2013 (Rupees)	2012 (Rupees)
8. SHORT TERM INVESTMENTS			
Held to maturity			
Certificate of Investments	8.1	7,751,229	2,505,096
Term Deposit Receipts	8.2	6,651,681	6,859,548
Current portion of long term investments	5	-	3,111,826
		<u>14,402,910</u>	<u>12,476,470</u>
Available-for-sale			
Quoted securities	8.3	1,096,817	731,873
		<u>15,499,727</u>	<u>13,208,343</u>

- 8.1** This represents Certificate of Investments having aggregate face value of Rs. 7.5 million (2012: Rs. 2.5 million). It includes donation of Rs. 5.0 million received from Amir S Chinoy Foundation (ASCF) as per Memorandum of Understanding (MOU) between Management Association of Pakistan (MAP) and Amir S Chinoy Foundation (ASCF). As per MOU, ASCF has donated Rs. 5.0 million as fixed corpus to MAP to help the company bear expenses related to its Corporate Excellence Awards events which are held each year in return for MAP 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. These Certificates of Investments have been placed for term of three months and maturing on various dates up to 24 March 2014. These carry the mark up rates of 9.5% per annum (2012: Rs. 9.3% per annum).
- 8.2** This represents Rs. 6.5 million (2012: Rs.6.5 million) invested in one year term deposit receipt with various commercial banks (2012: Various commercial banks), carrying markup at the rates ranging from 8% to 11.5% (2012: 9% to 11.5%) per annum, having maturity upto December 09, 2014.

		Note	2013 (Rupees)	2012 (Rupees)
8.3 Available-for-sale - Quoted securities				
<div><div><div>No. of units</div><div>20132012</div></div><div>UNITS</div></div>				
22,051	22,051	National Investment Trust – Units	1,096,817	731,873

9. CASH AND BANK BALANCES

In hand		25,944	13,087
With banks on - current accounts		61,490	31,537
- PLS accounts	9.1	2,434,438	3,527,648
- treasury call account	9.2	668,165	751,086
		<u>3,164,093</u>	<u>4,310,271</u>
		<u>3,190,037</u>	<u>4,323,358</u>

- 9.1** This carries profit at the rate of 7% (2012: 6%) per annum.
- 9.2** This carries profit at the rate of 6.5% (2012: 7%) per annum.

10. ADVANCE FEE AND SUBSCRIPTION

Subscription from members	3,426,184	2,968,315
Website/ Seminar fee	66,667	12,680
	<u>3,492,851</u>	<u>2,980,995</u>

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	Note	2013 (Rupees)	2012 (Rupees)
11. TRADE AND OTHER PAYABLES			
Accrued liabilities		163,780	163,849
MAP Convention / Conference expenses payable		1,310,426	2,755,886
		<u>1,474,206</u>	<u>2,919,735</u>
12. DEFERRED LIABILITY – Staff gratuity			
Opening balance		863,662	1,621,258
Provision for the year		210,995	175,145
Payments during the year		(605,075)	(932,741)
		<u>469,582</u>	<u>863,662</u>
13. NET INCOME FROM SEMINARS AND COURSES			
Fee		2,899,899	1,980,473
Expenses		(1,786,552)	(1,281,758)
		<u>1,113,347</u>	<u>698,715</u>
14. NET INCOME FROM MANAGEMENT CONVENTION / CONFERENCE			
Fee		10,582,656	5,815,027
Expenses		(7,941,543)	(3,470,970)
		<u>2,641,113</u>	<u>2,344,057</u>
15. RETURN ON INVESTMENTS			
Profit on:			
Certificate of investments		173,750	673,669
National Investment Trust Limited Units		68,909	63,948
Term Deposits Receipts		557,499	616,165
		<u>800,158</u>	<u>1,353,782</u>
16. OTHER INCOME			
Profit on PLS accounts		222,144	144,734
Profit on treasury call account		106,276	158,398
Donation		-	30,000
AIM admission test		7,112	-
		<u>335,532</u>	<u>333,132</u>
17. STAFF COST			
Salaries and allowances	17.1	7,223,310	5,273,170
Provision for gratuity		210,995	175,145
Ex-gratia payments		509,911	222,108
Contribution to Employees Old Age Benefits Institution		32,160	30,900
Medical assistance		144,692	94,865
		<u>8,121,068</u>	<u>5,796,188</u>

17.1 Salaries and allowances

This includes remuneration amounting to Rs. 2.967 million (2012: Rs. 2.837 million) to the Executive Director of the Association.

Exhibit

	Note	2013 (Rupees)	2012 (Rupees)
18. OTHER ESTABLISHMENT COSTS AND ADMINISTRATIVE EXPENSES			
Office rent		1,010,826	918,932
Utilities		352,127	284,311
Telephone expenses		87,280	79,242
Office and general expenses		101,616	119,346
Printing and stationery		159,552	112,752
Postage		121,063	92,949
Insurance		152,021	202,687
Conveyance		52,890	67,789
Annual report and meeting		310,726	555,414
Entertainment		66,946	56,363
Depreciation	3	114,550	102,806
Amortization	4	41,095	16,285
Provision for bad debts / written off		1,086,700	755,375
Bank charges		19,736	20,288
Legal and professional charges		150,000	-
Auditors' remuneration		90,000	90,000
Membership subscriptions		181,198	223,799
Travelling, boarding and lodging		232,090	106,689
Repair and maintenance		62,184	85,776
Website cost		35,284	75,962
Advertisement		-	78,540
Lease rentals		338,276	353,567
		4,766,160	4,398,872

19. 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.

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:

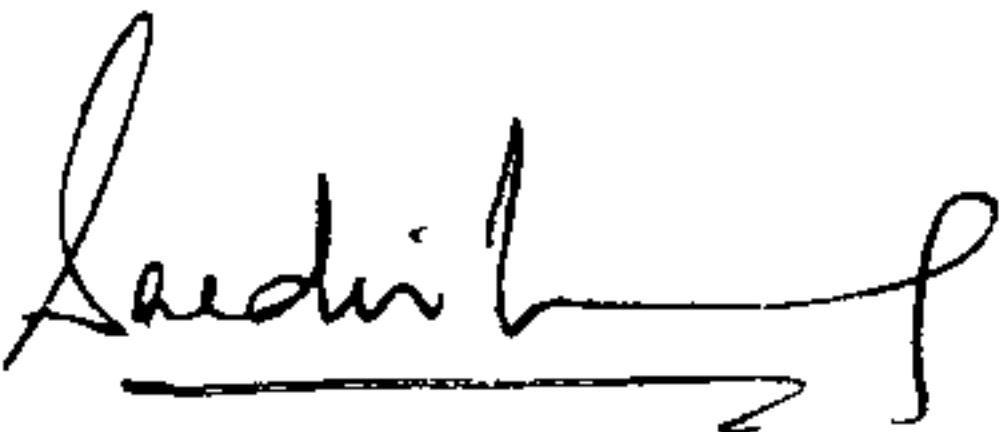
	Note	2013 (Rupees)	2012 (Rupees)
Within one year		338,268	353,820
After one year but not more than five years		676,536	1,061,460
	20.2.1	1,014,804	1,415,280

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. 1.014 million (2012: Rs. 1.415 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 (2012: 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 March 13 2014.

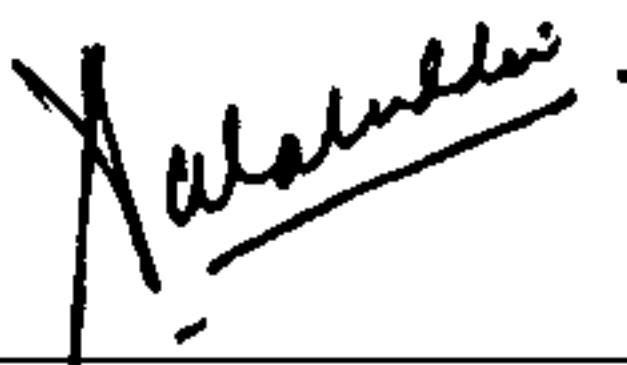
Ex 11/14



PRESIDENT



HONORARY TREASURER



EXECUTIVE DIRECTOR