

INDEPENDENT AUDITOR'S REPORT

To the members of Management Association of Pakistan

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Management Association of Pakistan** (the Association), which comprise the statement of financial position as at **31 December 2020**, and the income and expenditure account, the statement of comprehensive income, the statement of changes in funds and reserves, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure account, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Association's affairs as at 31 December 2020 and of the deficit and other comprehensive income, the changes in funds and reserves and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Executive Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Executive Committee is responsible for overseeing the Association's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Association as required by the Companies Act, 2017 (XIX of 2017);



- b) the statement of financial position, the income and expenditure account, the statement of comprehensive income, the statement of changes in funds and reserves and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Association's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Place: Karachi

Date: 05 March 2021

MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 (Rupees)	2019 (Rupees)
<u>ASSETS</u>			
NON CURRENT ASSETS			
Property and equipment	4	1,514,276	1,836,156
Intangible asset	5	416,250	277,500
Long term investment	8	5,000,000	5,000,000
		<u>6,930,526</u>	<u>7,113,656</u>
CURRENT ASSETS			
Convention and seminar fee receivable		189,979	197,010
Subscription receivable from members	6	3,933,766	3,132,731
Deposits and prepayments	7	1,633,677	1,574,269
Accrued profit		707,053	458,004
Short term investments	8	6,231,001	8,100,239
Cash and bank balances	9	2,999,239	4,706,125
		<u>15,694,715</u>	<u>18,168,378</u>
TOTAL ASSETS		<u>22,625,241</u>	<u>25,282,034</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		4,810,119	4,773,919
Restricted fund from ASCF		5,000,000	5,000,000
Accumulated surplus		8,381,411	11,453,032
		<u>18,283,886</u>	<u>21,319,307</u>
NON-CURRENT LIABILITIES			
Deferred liability – staff gratuity	10	1,209,752	856,076
CURRENT LIABILITIES			
Advance fee and subscription	11	2,646,002	2,832,504
Trade and other payables	12	485,601	274,147
		<u>3,131,603</u>	<u>3,106,651</u>
CONTINGENCY AND COMMITMENT	13		
TOTAL FUNDS, RESERVES AND LIABILITIES		<u>22,625,241</u>	<u>25,282,034</u>

The annexed notes from 1 to 27 form an integral part of these financial statements.



PRESIDENT



VICE PRESIDENT



HONORARY TREASURER

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020 (Rupees)	2019 (Rupees)
<u>INCOME</u>			
Subscription from members – net		5,373,028	5,666,984
Net income from seminars and courses	14	788,536	2,005,467
Net income from management convention	15	-	3,892,440
Net income from corporate excellence awards	16	2,808,210	1,926,457
Return on investments	17	1,227,861	816,545
Entrance fee		36,200	214,200
Other income	18	283,325	499,170
		10,517,160	15,021,263
<u>OPERATING EXPENDITURE</u>			
Salaries and other benefits	19	(7,847,849)	(7,774,093)
Administrative and general expenses	20	(5,704,732)	(5,431,538)
		(13,552,581)	(13,205,631)
(Deficit) / surplus for the year		(3,035,421)	1,815,632

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The annexed notes from 1 to 27 form an integral part of these financial statements.



PRESIDENT



VICE PRESIDENT



HONORARY TREASURER

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**

	2020 (Rupees)	2019 (Rupees)
(Deficit) / surplus for the year	(3,035,421)	1,815,632
Other comprehensive income	-	-
Total comprehensive (loss) / income for the year	<u>(3,035,421)</u>	<u>1,815,632</u>

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PRESIDENT



VICE PRESIDENT



HONORARY TREASURER

MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN FUNDS AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Capital fund	Library fund	Members' general fund	Restricted fund from ASCF	Accumulated surplus	Total
	----- (Rupees) -----					
Balance as at January 01, 2019	87,356	5,000	4,559,719	5,000,000	9,851,600	19,503,675
Surplus for the year	-	-	-	-	1,815,632	1,815,632
Transferred during the year	-	-	214,200	-	(214,200)	-
Balance as at December 31, 2019	87,356	5,000	4,773,919	5,000,000	11,453,032	21,319,307
Deficit for the year	-	-	-	-	(3,035,421)	(3,035,421)
Transferred during the year	-	-	36,200	-	(36,200)	-
Balance as at December 31, 2020	87,356	5,000	4,810,119	5,000,000	8,381,411	18,283,886

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PRESIDENT

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VICE PRESIDENT

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HONORARY TREASURER

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Note	2020 (Rupees)	2019 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
(Deficit) / surplus for the year		(3,035,421)	1,815,632
Adjustments for:			
Depreciation	4	321,880	394,636
Provision for gratuity	10	353,676	251,388
Return on investments	17	(1,227,861)	(814,113)
Profit on PLS and treasury call account		(231,210)	(410,578)
Liability no longer payable written back		-	(68,931)
(Deficit) / surplus before working capital changes		(3,818,936)	1,168,034
Increase in current assets:			
Convention and seminar fee receivable		7,031	343,170
Advances, deposits and prepayments		(59,408)	162,070
Subscription receivable from members		(801,035)	(786,409)
		(853,412)	(281,169)
Increase in current liabilities:			
Advance fee and subscription		(186,502)	1,468,015
Trade and other payables		211,454	(196,198)
		24,952	1,271,817
Net cash (used in) / generated from operating activities		(4,647,396)	2,158,682
CASH FLOWS FROM INVESTING ACTIVITIES			
Advance against development of software	5	(138,750)	(138,750)
Investments made during the year		(13,100,000)	(15,909,811)
Investments encashed / matured during the year		15,100,000	14,680,930
Profit received on investments		593,862	577,470
Dividend received		18,666	23,539
Profit received on PLS and treasury call accounts		466,732	277,279
Net cash generated from / (used in) investing activities		2,940,510	(489,343)
Net (decrease) / increase in cash and cash equivalents		(1,706,886)	1,669,339
Cash and cash equivalents at the beginning of the year		4,706,125	3,036,786
Cash and cash equivalents at the end of the year	9	2,999,239	4,706,125

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The annexed notes from 1 to 27 form an integral part of these financial statements.



PRESIDENT



VICE PRESIDENT



HONORARY TREASURER

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. LEGAL STATUS AND NATURE OF ACTIVITIES

- 1.1** 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 Act, 2017). The main activities of the Association are to disseminate information of management practices through seminars, courses and conventions. The registered office and geographical location of the Association is situated at 3rd Floor, K-House, Lane 4, Street 26, Kahyaban-e-Shahbaz, Defence Phase 6, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standard for Not for Profit Organizations (Accounting Standard for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 (the Act).

Where provisions of and directives issued under the Act differ from the IFRS for SMEs or the Accounting Standard for NPOs, the provisions of and directives issued under the Act have been followed.

2.2 Accounting convention

These financial statements have been prepared on the basis of historical cost convention except for certain investments at fair value through income and expenditure which are carried at fair value.

2.3 Significant accounting judgements 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 recognized 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, useful lives and impairment of property and equipment, intangible assets.	3.1, 3.2 & 3.3
- provision for doubtful receivables	3.6
- contingencies	3.9
- staff retirement benefits	3.10

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, when available for use, 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.

The Association reviews appropriateness of the useful lives and residual values used in the calculation of depreciation of property, plant and equipment on an annual basis at each reporting date.

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 when incurred.

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 Association 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 software are stated at cost less accumulated amortization and accumulated 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 less accumulated impairment.

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. However, intangible asset not yet available for use is reviewed for impairment on annual basis irrespective whether there is any indication for impairment.

3.4 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. Transaction costs, if any, are capitalized in the cost of investment.



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 equity in funds and reserves is recognized in the income and expenditure account.

Held for trading

These include investments that are acquired principally for the purpose of generating profit from short-term fluctuations in market prices or that, upon initial recognition, are designated as "Investments at fair value through income and expenditure account". These investments are initially recognized at fair value and the transaction costs associated with these investments are taken directly to the income and expenditure account. Subsequent to initial recognition, these investments are marked to market using the closing quoted market rates and are carried at these values on the statement of financial position being their fair value. Net gains and losses arising on changes in fair values of these investments are taken to the income and expenditure account in the period in which they arise.

3.5 Deposits and prepayments

Deposits, advances, prepayments and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

3.6 Subscription and other 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.

3.7 Cash and cash equivalents

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

3.8 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.

3.9 Contingencies

Contingencies are disclosed when the Association has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognized because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

3.10 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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3.11 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 receipt basis.
- Profit on PLS and call treasury accounts is recognized on an accrual basis.
- Dividend income is recognized when the right to receive the same is established.

3.12 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 recognizes 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'.

3.13 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 on a systematic basis in the same period in which the expenses are recognized.

4. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE	Depre- ciation Rate %
	As at January 01, 2020	Additions	As at December 31, 2020	As at January 01, 2020	Charge for the year	As at December 31, 2020	As December 31, 2020	
	(Rupees)							
Furniture and fixtures	475,300	-	475,300	194,999	28,030	223,029	252,271	10
Library books	8,909	-	8,909	8,888	3	8,891	18	15
Office equipments	515,439	-	515,439	296,814	32,794	329,608	185,831	15
Air conditioner and refrigerator	284,900	-	284,900	157,125	19,166	176,291	108,609	15
Motor vehicle	2,024,721	-	2,024,721	815,287	241,887	1,057,174	967,547	20
	3,309,269	-	3,309,269	1,473,113	321,880	1,794,993	1,514,276	

	COST			ACCUMULATED DEPRECIATION			NET BOOK VALUE	Depre- ciation Rate %
	As at January 01, 2019	Additions	As at December 31, 2019	As at January 01, 2019	Charge for the year	As at December 31, 2019	As December 31, 2019	
	(Rupees)							
Furniture and fixtures	475,300	-	475,300	163,854	31,145	194,999	280,301	10
Library books	8,909	-	8,909	8,884	4	8,888	21	15
Office equipments	515,439	-	515,439	258,233	38,581	296,814	218,625	15
Air conditioner and refrigerator	284,900	-	284,900	134,577	22,548	157,125	127,775	15
Motor vehicle	2,024,721	-	2,024,721	512,929	302,358	815,287	1,209,434	20
	3,309,269	-	3,309,269	1,078,477	394,636	1,473,113	1,836,156	

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Management Association of Pakistan

	Note	2020 (Rupees)	2019 (Rupees)
5. INTANGIBLE ASSET			
Capital work in progress – Advance against software	5.1	<u>416,250</u>	<u>277,500</u>
5.1 Opening balance		277,500	138,750
Add: Additions during the year	5.1.1	<u>138,750</u>	<u>138,750</u>
Closing balance		<u>416,250</u>	<u>277,500</u>

5.1.1 This represents advance to a vendor against development of Members' Information System (MIS) as per the agreement December 13, 2018. The Company has a contractual commitment to pay Rs. 138,750 (25%) to the vendor for development of MIS (refer note 13.2).

	Note	2020 (Rupees)	2019 (Rupees)
6. SUBSCRIPTION RECEIVABLE FROM MEMBERS			
Subscription receivable	6.1	<u>3,933,766</u>	<u>3,132,731</u>

6.1 It includes outstanding balances receivable from related parties amounting to Rs. 56,960 (2019: Rs. 154,000).

7. DEPOSITS AND PREPAYMENTS

Security deposit		260,000	260,000
Prepayments		<u>1,373,677</u>	<u>1,314,269</u>
		<u>1,633,677</u>	<u>1,574,269</u>

8. INVESTMENTS

Long term investment

Held to maturity – Certificates of Investments

Orix Leasing Pakistan Limited	8.1 & 8.2	<u>5,000,000</u>	<u>5,000,000</u>
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Short term investments

Held to maturity – Certificates of Investments

Pak Oman Investment Company Limited	8.3	4,700,000	6,700,000
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Held for trading – Units of Mutual Funds

National Investment Trust	8.4	1,531,001	1,400,239
		<u>6,231,001</u>	<u>8,100,239</u>

8.1 This represents donation of Rs.5,000,000 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 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

8.2 These carry mark-up at the rates ranging from 7.10% to 13.63% (2019: 6.25% to 13.63%) per annum and have maturity on November 20, 2024.

8.3 These carry mark-up at the rates ranging from 7.15% to 7.2% (2019: 12.55% to 13.25%) per annum and have maturity latest by June 24, 2021.



Note	2020 (Rupees)	2019 (Rupees)
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No. of units		
2020	2019	Units
22,051	22,051	National Investment Trust

Cash in hand	2,264	19,083
Bank balances		

Accrued liabilities and other payables	360,636	156,738
Seminar expense payable	124,965	117,409
	<u>485,601</u>	<u>274,147</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 had 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.

Subsequently, issues (i.e. the points of controversy on which evidence is recorded) were framed by the Court, evidence was also recorded by the Court and final arguments heard. In terms of Judgment dated February 25, 2016, the Court dismissed the Plaintiff's suit followed by a Decree issued on March 16, 2016.

The Plaintiff has then filed an appeal in the Honorable High Court of Sindh, against the Judgement passed by the Court of District and Session Judge Karachi (East) under section 15 of the Defamation Ordinance 2002, stating that the judgement is incorrect and without appreciation of the evidence. The Defendants' legal counsel have filed Reply / Parawise comments and have also raised certain legal objections viz. maintainability.

The management is confident that the Association has a reasonable case against the allegations since the alleged letter forming the basis of the defamation has not been written by the defendants.

	Note	2020 (Rupees)	2019 (Rupees)
13.2 Commitment			
Outstanding against development of software	5.1.1	<u>138,750</u>	<u>277,500</u>

14. NET INCOME FROM SEMINARS AND COURSES

Income		1,707,366	4,225,688
Expenses		(918,830)	(2,220,221)
	14.1	<u>788,536</u>	<u>2,005,467</u>

14.1 It includes transactions with related parties amounting to Rs. 104,376 (2019: Rs.162,737).

15. NET INCOME FROM MANAGEMENT CONVENTION

Income		-	11,178,031
Expenses		-	(7,285,591)
	15.1	<u>-</u>	<u>3,892,440</u>

15.1 It includes nil transactions (2019: Rs. 2,737,362) with related parties.

16. NET INCOME FROM CORPORATE EXCELLENCE AWARDS

Income		4,983,391	3,861,801
Expenses		(2,175,181)	(1,935,345)
	16.1	<u>2,808,210</u>	<u>1,926,457</u>

16.1 It includes transactions with related parties amounting to Rs. 1,469,972 (2019: Rs.1,307,544).



Management Association of Pakistan

	Note	2020 (Rupees)	2019 (Rupees)
17. RETURN ON INVESTMENTS			
Dividend income		18,666	23,539
Return on Certificates of Investments		1,078,433	616,718
Return on Term deposit receipts		-	173,856
Unrealized gain on re-measurement of investments classified as Held for trading		130,762	2,432
		<u>1,227,861</u>	<u>816,545</u>
18. OTHER INCOME			
Profit on:			
- PLS account		216,511	407,421
- Treasury call account		14,699	3,157
Liability no longer payable written back		-	68,931
Website income		9,998	19,661
Other		42,117	-
		<u>283,325</u>	<u>499,170</u>
19. SALARIES AND OTHER BENEFITS			
Salaries and allowances	19.1	7,442,220	7,461,054
Provision for gratuity		353,676	251,388
Contribution to Employees Old Age Benefits Institution		51,953	61,651
		<u>7,847,849</u>	<u>7,774,093</u>
19.1 This includes remuneration amounting to Rs. 4,277,773 (2019: Rs. 4,072,670) to the Executive Director of the Association.			
20. ADMINISTRATIVE AND GENERAL EXPENSES			
Office rent		2,496,822	2,513,932
Utilities		134,955	309,663
Telephone expenses		70,370	87,340
Office and general expenses		129,455	266,335
Printing and stationery		48,537	232,300
Postage		103,535	98,497
Insurance		253,282	97,817
Conveyance		14,346	10,800
Annual general meeting expenses		315,119	293,967
Entertainment		5,996	4,395
Depreciation	4	321,880	394,636
Bank charges		12,361	15,975
Legal and professional charges		111,280	-
Auditors' remuneration	20.1	139,154	141,890
Membership subscriptions		344,279	265,354
Travelling, boarding and lodging		-	204,115
Repair and maintenance		430,647	397,370
Advertisement		-	18,359
Internet charges		49,309	52,382
Website expenses		122,787	-
Receivables written off		600,618	26,411
		<u>5,704,732</u>	<u>5,431,538</u>
20.1 Audit services			
Annual audit fee		120,000	120,000
Out of pocket expenses		19,154	21,890
		<u>139,154</u>	<u>141,890</u>

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21. 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. However, withholding tax on income are deducted and all the income in income and expenditure account are stated net of withholding tax.

22. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, companies where directors also hold directorship, and executive committee member.

Name of the related party	Relationship	Aggregate % of Shareholding by Related parties in Association
Mr. Asif Ikram	Executive Committee Member	0.00%
Mr. Amir Jamil Abbasi	Executive Committee Member	0.00%
Mr. Talib Syed Karim	Executive Committee Member	0.00%
Mr. Riyaz T. Chinoy	Executive Committee Member	0.00%
Mr. Sarfaraz A. Rehman	Executive Committee Member	0.00%
Mrs. Saadia Naveed	Executive Committee Member	0.00%
Mr. Syed S. Haider	Executive Committee Member	0.00%
Mr. Javed Ahmed	Executive Committee Member	0.00%
Mr. Humayun Bashir	Executive Committee Member	0.00%
Dr. Amjad Waheed	Executive Committee Member	0.00%
Sicpa Inks Pakistan (Private) Limited	Common directorship (Associated Company)	0.00%
KPMG – Taseer Hadi & Company	Common directorship (Associated Company)	0.00%
International Industries Limited	Common directorship (Associated Company)	0.00%
Institute of Business Management	Common directorship (Associated Company)	0.00%
Pakistan Institute of Corporate Governance	Common directorship (Associated Company)	0.00%
Bullehshah Packages (Private) Limited	Common directorship (Associated Company)	0.00%
English Biscuit Manufacturers (Private) Limited	Common directorship (Associated Company)	0.00%
National Foods	Common directorship (Associated Company)	0.00%
21st Century Real Estate	Common directorship (Associated Company)	0.00%
Jubilee Life Insurance Company Limited	Common directorship (Associated Company)	0.00%
National Clearing Company of Pakistan Limited	Common directorship (Associated Company)	0.00%
Khushali Bank Limited	Common directorship (Associated Company)	0.00%
Gul Ahmed	Common directorship (associated Company)	0.00%
NBP Fund Management Limited	Common directorship (Associated Company)	0.00%
International Steels Limited	Common directorship (Associated Company)	0.00%
Indus Motor Company Limited	Common directorship (Associated Company)	0.00%



Balances outstanding and transactions with related parties are as follows:

	2020 (Rupees)	2019 (Rupees)
Balances outstanding – Associated Companies		
Subscription fee receivable	56,960	154,000
Seminar fee receivable	3,003	-
Advance fee and subscription	1,649,199	136,410
Transactions during the year – Associated Companies		
Entrance fee	-	-
Subscription fee	395,218	232,320
Seminar fee	104,376	162,737
Convention fee	-	2,737,362
Fee from Corporate Excellence Awards	1,469,972	1,307,544

23. REMUNERATION OF EXECUTIVE DIRECTOR

Managerial remuneration	3,854,450	3,642,000
Other perquisites	126,849	278,920
Provision for gratuity	296,474	151,750
	4,277,773	4,072,670

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

23.2 The Executive Director represents "executive" as prescribed under the Companies Act, 2017.

24. FINANCIAL INSTRUMENTS

	At Fair value		Amortized cost		Total	
	2020	2019	2020	2019	2020	2019
	(Rupees)					
Financial assets						
Long term investment	-	-	5,000,000	5,000,000	5,000,000	5,000,000
Convention and seminar fee receivable	-	-	189,979	197,010	189,979	197,010
Subscription receivable from customers	-	-	3,933,766	3,132,731	3,933,766	3,132,731
Deposits	-	-	260,000	260,000	260,000	260,000
Accrued profit and other receivables	-	-	707,053	458,004	707,053	458,004
Short term investments	1,531,001	1,400,239	4,700,000	6,700,000	6,231,001	8,100,239
Cash and bank balances	-	-	2,999,239	4,706,125	2,999,239	4,706,125
	1,531,001	1,400,239	17,790,037	20,453,870	19,321,038	21,854,109
Financial liabilities						
Deferred liability – staff gratuity	-	-	1,209,752	856,076	1,209,752	856,076
Trade and other payables	-	-	485,601	274,147	485,601	274,147
	-	-	1,695,353	1,130,223	1,695,353	1,130,223

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25. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 6 (2019: 8) and the average number of persons employed during the year were 7 (2019: 8).

26. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Executive Committee of the Association on 2nd MARCH, 2021.

27. GENERAL

27.1 Figures have been rounded off to the nearest rupee.

27.2 Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation, in the current year. However, there are no material reclassification / re-arrangement to report.

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PRESIDENT



VICE PRESIDENT



HONORARY TREASURER