



MANAGEMENT ASSOCIATION OF
PAKISTAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MANAGEMENT ASSOCIATION OF PAKISTAN (incorporated as a company limited by guarantee)** as at **31 December 2008** 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 2008** 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).

KARACHI: 01 April 2009


CHARTERED ACCOUNTANTS

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT DECEMBER 31, 2008**

	Note	2008 (Rupees)	2007 (Rupees)
Property, plant and equipment	3	1,263,742	1,429,550
Long term investments	4	5,600,693	1,054,462
Current Assets			
Seminar/convention fee receivable		3,635,741	137,900
Subscription receivable from members		332,500	355,625
Advances – unsecured, considered good		202,847	87,151
Deposits and prepayments	5	733,998	662,185
Accrued interest		66,868	8,597
Short term investments	6	5,694,686	13,237,096
Cash and bank balances	7	8,187,696	1,889,218
		18,854,336	16,377,772
Less: Current Liabilities			
Advance fee and subscription	8	2,898,905	2,139,664
Trade and other payables	9	4,683,152	143,214
		7,582,057	2,282,878
Net Current Assets		11,272,279	14,094,894
Deferred liability for staff gratuity	10	(2,400,558)	(2,096,509)
		15,736,156	14,482,397

REPRESENTED BY:

Capital and reserves

Capital	87,356	87,356
Library fund	5,000	5,000
Members' general fund	2,856,975	2,590,975
Unrealised gain on available for sale investments	-	319,752
Accumulated surplus	12,786,825	11,479,314
	15,736,156	14,482,397

The annexed notes from 1 to 17 form an integral part of these financial statements.

Fahim

Azif Qadir
PRESIDENT

Mumtaz Ali
HONORARY TREASURER

Farooq Hussain
EXECUTIVE DIRECTOR

MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	2008 (Rupees)	2007 (Rupees)
INCOME			
Subscription from members		4,279,375	4,283,313
Net income from seminars and courses	11	747,090	1,615,528
Profit on investments		1,214,012	1,363,909
Net income from management convention	12	3,478,935	-
Entrance fee		266,000	372,725
Other income	13	1,243,562	688,810
		<u>11,228,974</u>	<u>8,324,285</u>
EXPENDITURE			
Staff cost	14	5,121,408	4,007,578
Other establishment costs and administrative expenses	15	4,048,946	3,402,538
Impairment loss on available for sale investments		485,109	-
		<u>9,655,463</u>	<u>7,410,116</u>
Surplus for the year		<u>1,573,511</u>	<u>914,169</u>
Accumulated surplus brought forward		<u>11,479,314</u>	<u>10,937,870</u>
Accumulated surplus available for appropriation		<u>13,052,825</u>	<u>11,852,039</u>
Appropriations:			
Transferred to members' general fund		(266,000)	(372,725)
Accumulated surplus carried forward		<u><u>12,786,825</u></u>	<u><u>11,479,314</u></u>

The annexed notes from 1 to 17 form an integral part of these financial statements.

For


PRESIDENT


HONORARY TREASURER


EXECUTIVE DIRECTOR

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Note	2008 (Rupees)	2007 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Surplus for the year		1,573,511	914,169
Adjustments for:			
Depreciation		241,558	265,629
Impairment loss on available for sale investment		485,109	-
Provision for gratuity		347,879	306,109
Profit on investments		(1,214,012)	(1,363,909)
Profit on term deposit		(83,403)	(4,765)
Bad debts written off		240,000	31,000
		1,590,642	148,233
Working capital changes			
(Increase) in seminar fee receivable		(3,497,841)	(15,000)
Decrease/ (Increase) in subscription receivable		23,125	(174,625)
(Increase) in advances, deposits, prepayments and other receivables		(245,780)	(38,799)
Increase / (Decrease) in advance fee and subscription		759,241	(166,171)
Increase / (Decrease) in trade and other payables		4,539,938	(516,491)
		1,578,683	(911,086)
		3,169,325	(762,853)
Gratuity paid		(43,830)	(46,900)
Net cash generated from/(used in) operating activities		3,125,495	(809,753)
CASH FLOW FROM INVESTING ACTIVITY			
Fixed capital expenditure		(75,750)	(164,575)
Investments made during the year		(6,200,000)	(2,000,000)
Investments encashed upon maturity		8,200,000	1,500,000
Profit received		1,248,733	1,096,348
Net cash generated from investing activities		3,172,983	431,773
Net increase/(decrease) in cash and cash equivalents		6,298,478	(377,980)
Cash and cash equivalents at the beginning of the year		1,889,218	2,267,198
Cash and cash equivalents at the end of the year	7	8,187,696	1,889,218

The annexed notes from 1 to 17 form an integral part of these financial statements.

Asif Razi
PRESIDENT

Sumaira
HONORARY TREASURER

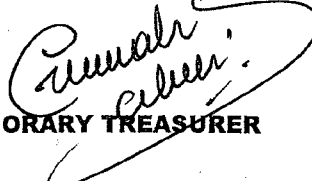
Yasooqlana
EXECUTIVE DIRECTOR

**MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CHANGES IN CAPITAL & RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Capital	Library Fund	Members' General Fund	Unrealised gain/(loss) on available for sale investments	Accumulated Surplus	Total
-----Rupees-----						
Balance as at December 31, 2006	87,356	5,000	2,218,250	(7,705)	10,937,870	13,240,771
Net surplus for the year	-	-	-	-	914,169	914,169
Transferred during the year	-	-	372,725	-	(372,725)	-
Unrealised gain on available for sale investments	-	-	-	327,457	-	327,457
Balance as at December 31, 2007	87,356	5,000	2,590,975	319,752	11,479,314	14,482,397
Net surplus for the year	-	-	-	-	1,573,511	1,573,511
Transferred during the year	-	-	266,000	-	(266,000)	-
Reversal of unrealised gain on available for sale investments	-	-	-	(319,752)	-	(319,752)
Balance as at December 31, 2008	87,356	5,000	2,856,975	-	12,786,825	15,736,156

The annexed notes from 1 to 17 form an integral part of these financial statements. *Firm*


PRESIDENT


HONORARY TREASURER


EXECUTIVE DIRECTOR

MANAGEMENT ASSOCIATION OF PAKISTAN
(INCORPORATED AS A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. LEGAL STATUS AND NATURE OF ACTIVITIES

The Association was incorporated in 1966 in Pakistan as a company limited by guarantee under the Companies Act, 1913 (now the Companies Ordinance, 1984). The main activities of the Association are to disseminate information of management practices through seminars, courses and conventions. The registered office of the Association is situated at 36-A/4, Chawla House, Opp: Beach Luxury Hotel, Lalazar, Karachi.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

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

2.3 Property, plant and equipment

These are stated at cost less accumulated depreciation. Depreciation is charged to income applying the reducing balance method. Full year's depreciation is charged on additions, while no depreciation is charged on assets disposed off during the year. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of assets are included in income currently.

2.4 Revenue recognition

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

2.5 Investments

Held to maturity

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

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Available for sale

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

2.6 Financial instruments

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

2.7 Advances and receivables

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

Gains and losses are recognised in the profit or loss when the advances and receivables are derecognised or impaired.

2.8 Staff retirement benefits

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

2.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash in transit, cash with banks on current, saving and deposit accounts.

2.10 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services rendered whether or not billed to the Company.

2.11 Provisions

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

2.12 Impairment

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

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3. PROPERTY, PLANT AND EQUIPMENT

	Cost as at January 01, 2008	Additions	Cost as at December 31, 2008	Accumulated depreciation as at January 01,2008 Rupees	Depreciation for the year	Accumulated depreciation as at December 31,2008	Book value as at December 31, 2008	Depreci- ation rate %
Furniture and fixture	453,327	12,500	465,827	178,582	28,725	207,307	258,521	10
Library books	8,909	-	8,909	8,752	24	8,776	133	15
Office equipment	1,147,896	63,250	1,211,146	656,589	83,184	739,773	471,373	15
Air conditioner and refrigerator	242,883	-	242,883	182,054	9,124	191,178	51,705	15
Motor vehicle	941,425	-	941,425	338,913	120,502	459,415	482,010	20
Others	1,063	-	1,063	1,063	-	1,063	-	15
2008 - Rupees	2,795,503	75,750	2,871,253	1,365,953	241,558	1,607,511	1,263,742	
2007 - Rupees	2,630,928	164,575	2,795,503	1,100,324	265,629	1,365,953	1,429,550	

	Note	2008 (Rupees)	2007 (Rupees)
4. LONG TERM INVESTMENTS – Held to maturity			
Amortised cost			
Certificates of investment			
Orix Leasing Pakistan Limited	4.1	1,207,464	1,054,462
Orix Leasing Pakistan Limited	4.3	1,224,736	-
Atlas Bank Limited	4.3	3,168,493	-
		5,600,693	1,054,462

- 4.1 Represents Rs.1 million (2007: Rs 1 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup rate of 14.51% per annum maturing on August 16, 2013.
- 4.2 Represents Rs.1.2 million (2007:Nil), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup rate of 11% per annum maturing on April 16, 2013.
- 4.3 Represents Rs.3 million (2007:Nil), invested in Certificate of Investment of Atlas Bank Limited carrying markup rate of 10% per annum maturing on June 09, 2010.

	Note	2008 (Rupees)	2007 (Rupees)
5. DEPOSITS AND PREPAYMENTS			
Deposits		115,480	115,480
Prepayments		618,518	546,705
		733,998	662,185

	Note	2008 (Rupees)	2007 (Rupees)
6. SHORT TERM INVESTMENTS			
Held to maturity – Term Finance Certificates - amortised cost	6.1	5,179,795	11,917,344
Available-for-sale – Quoted securities – fair value	6.2	514,891	1,319,752
		5,694,686	13,237,096

- 6.1 Represents Rs.5 million (2007: Rs 5 million), invested in Term Finance Certificate of Faysal Bank Limited carrying markup rate of 12.5% per annum maturing on September 13, 2009.

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	Note	2008 (Rupees)	2007 (Rupees)												
6.2 Available-for-sale - Quoted securities – fair value															
<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2">No. of units</th> <th></th> <th></th> </tr> <tr> <th>2008</th> <th>2007</th> <th></th> <th></th> </tr> </thead> <tbody> <tr> <td>22,051</td> <td>22,051</td> <td>National Investment Trust Units</td> <td></td> </tr> </tbody> </table>				No. of units				2008	2007			22,051	22,051	National Investment Trust Units	
No. of units															
2008	2007														
22,051	22,051	National Investment Trust Units													
		<u>514,891</u>	<u>1,319,752</u>												
7. CASH AND BANK BALANCES															
In hand		793	4,987												
With banks on - current account		(28,005)	64,822												
- pls account	7.1	8,199,908	1,819,409												
In transit		15,000	-												
		<u>8,187,696</u>	<u>1,889,218</u>												
7.1 It carries profit at the rate of 5.0 % (2007:1.0 %) per annum.															
8. ADVANCE FEE AND SUBSCRIPTION															
Subscription from members		2,867,145	2,139,664												
Seminar fee		31,760	-												
		<u>2,898,905</u>	<u>2,139,664</u>												
9. TRADE AND OTHER PAYABLES															
Seminar expenses		75,000	27,637												
Accrued liabilities		88,658	115,577												
Convention expenses payable		4,519,494	-												
		<u>4,683,152</u>	<u>143,214</u>												
10. DEFERRED LIABILITY – FOR STAFF GRATUITY															
Opening balance		2,096,509	1,837,300												
Provision for the year		347,879	306,109												
Payment during the year		(43,830)	(46,900)												
		<u>2,400,558</u>	<u>2,096,509</u>												
11. NET INCOME FROM SEMINARS AND COURSES															
Fee		2,187,343	3,345,589												
Expenses		(1,440,253)	(1,730,061)												
		<u>747,090</u>	<u>1,615,528</u>												
12. NET INCOME FROM MANAGEMENT CONVENTION															
Fee		9,765,917	-												
Expenses		(6,286,982)	-												
		<u>3,478,935</u>	<u>-</u>												

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Management Association of Pakistan

	Note	2008 (Rupees)	2007 (Rupees)
13. OTHER INCOME			
Income from corporate excellence awards		1,148,219	519,825
Profit on PLS account		83,403	19,842
Income from sale of articles		11,940	3,335
Profit on term deposit account		-	4,765
Liability no longer payable written back		-	141,043
		<u>1,243,562</u>	<u>688,810</u>

14. STAFF COST

Salaries and allowances	14.1	4,278,062	3,259,627
Provision for gratuity		347,879	306,109
Ex-gratia payments		309,287	280,078
Contribution to Employees Old Age Benefits Institution		23,586	20,384
Medical assistance		162,594	141,380
		<u>5,121,408</u>	<u>4,007,578</u>

14.1 Salaries and allowances

Include remuneration amounting to Rs.1.642 million (2007: Rs. 1.353 million) to the Executive Director of the Association.

	Note	2008 (Rupees)	2007 (Rupees)
15. OTHER ESTABLISHMENT COSTS AND ADMINISTRATIVE EXPENSES			
Office rent		627,643	570,585
Utilities		178,372	164,304
Telephone expenses		103,830	68,520
Office and general expenses		329,211	353,171
Printing and stationery		196,289	186,195
Postage		138,077	103,684
Conveyance		192,125	102,418
Annual report and meeting		111,992	124,037
Entertainment		126,016	148,688
Corporate excellence award		1,100,082	848,230
Depreciation	3	241,558	265,629
Bad debts		240,000	31,000
Bank charges		14,725	19,060
Auditors' remuneration		50,000	50,000
Membership subscriptions		23,063	14,839
Travelling, boarding and lodging		196,542	239,159
Repair and maintenance		95,957	39,249
Website cost		83,464	73,770
		<u>4,048,946</u>	<u>3,402,538</u>

16. 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.

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17. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Executive Committee of the Association on 21 APR 2009.

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Asif Razi
PRESIDENT

*Cumair
Ali*
HONORARY TREASURER

Shoaib Hussain
EXECUTIVE DIRECTOR