

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 2012 and the related income and expenditure accounts, 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 2012 and of the surplus, its cash flows and changes in capital and reserves for the year then ended; and
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

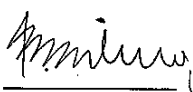
Ernst & Young Ford Riaz A. Rehman Chamdia

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia
20 February, 2013
Karachi

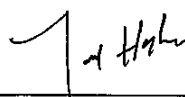
BALANCE SHEET
AS AT DECEMBER 31, 2012

	Note	2012 (Rupees)	2011 (Rupees)
NON – CURRENT ASSETS			
Property, plant and equipment	3	748,282	731,253
Intangible asset	4	260,798	-
Long term investments	5	1,011,506	2,967,090
Long term deposits		<u>330,800</u>	<u>310,800</u>
		<u>2,351,386</u>	<u>4,009,143</u>
CURRENT ASSETS			
Seminar fee receivable		<u>3,728,585</u>	3,786,380
Subscription receivable from members	6	<u>664,000</u>	801,875
Advances – unsecured, considered good		<u>113,750</u>	248,204
Deposits and prepayments	7	<u>1,090,558</u>	999,320
Accrued profit on PLS and treasury call accounts		<u>35,139</u>	27,845
Short term investments	8	<u>13,208,343</u>	8,172,600
Cash and bank balances	9	<u>4,323,358</u>	8,289,899
		<u>23,163,733</u>	<u>22,326,123</u>
LESS: CURRENT LIABILITIES			
Advance fee and subscription	10	<u>2,980,995</u>	3,223,395
Trade and other payables	11	<u>2,919,735</u>	3,059,222
		<u>5,900,730</u>	6,282,617
		<u>19,614,389</u>	<u>20,052,649</u>
REPRESENTED BY:			
CAPITAL AND RESERVES			
Capital		87,356	87,356
Library fund		5,000	5,000
Members' general fund		3,439,650	3,257,350
Unrealized gain on available-for-sale investments		216,982	56,230
Accumulated surplus		<u>15,001,739</u>	<u>15,025,455</u>
		<u>18,750,727</u>	<u>18,431,391</u>
NON – CURRENT LIABILITY			
Deferred liability - staff gratuity	12	863,662	1,621,258
CONTINGENCY AND COMMITMENT			
	20		
		<u>19,614,389</u>	<u>20,052,649</u>

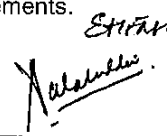
The annexed notes from 1 to 21 form an integral part of these financial statements.



PRESIDENT



HONORARY TREASURER



EXECUTIVE DIRECTOR

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2012**

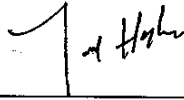
	Note	2012 (Rupees)	2011 (Rupees)
INCOME			
Subscription from members		5,295,705	5,713,760
Net income from seminars and courses	13	698,715	379,228
Return on investments	14	1,353,782	1,490,933
Net income from management convention / conference	15	2,344,057	2,159,326
Net income from Corporate Excellence Awards		145,953	-
Entrance fee		182,300	110,100
Other income	16	333,132	406,331
		<u>10,353,644</u>	<u>10,259,678</u>
EXPENDITURE			
Staff cost	17	5,796,188	4,905,250
Other establishment costs and administrative expenses	18	4,398,872	4,561,504
		<u>10,195,060</u>	<u>9,466,754</u>
Surplus for the year		<u>158,584</u>	<u>792,924</u>

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

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PRESIDENT



HONORARY TREASURER

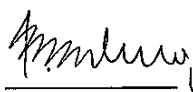


EXECUTIVE DIRECTOR

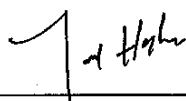
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 (Rupees)	2011 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		158,584	792,924
Adjustments for:			
Depreciation		102,806	116,129
Amortization		16,285	-
Loss on disposal of property, plant and equipment		-	60,865
Provision for gratuity		175,145	195,413
Return on investments		(1,353,782)	(1,490,933)
Profit on PLS and treasury call account		(303,132)	(406,331)
Bad debts written off		755,375	1,415,250
		(448,719)	683,317
Working capital changes			
Decrease / (increase) in seminar fee receivable		57,795	(3,392,380)
Increase in subscription receivable from members		(617,500)	(695,250)
Decrease / (increase) in advances		134,454	(248,204)
Increase in deposits and prepayments		(91,238)	(101,819)
(Decrease) / increase in advance fee and subscription		(242,400)	359,310
(Decrease) / increase in trade and other payables		(139,487)	2,904,303
		(898,376)	(1,174,040)
Cash used in operating activities		(1,347,095)	(490,723)
Gratuity paid		(932,741)	(506,000)
Long term deposit		(20,000)	(310,800)
Net cash used in operating activities		(2,299,836)	(1,307,523)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(119,835)	(123,828)
Addition to intangible asset		(139,583)	-
Advance made against development and installation of softwares		(137,500)	-
Investments made during the year		(10,000,000)	(5,500,000)
Investments encashed during the year		7,500,000	8,061,397
Profit received on investments		934,375	1,386,345
Profit received on PLS and treasury call accounts		295,838	402,001
Net cash (used in) / generated from investing activities		(1,666,705)	4,225,915
Net (decrease) / increase in cash and cash equivalents		(3,966,541)	2,918,392
Cash and cash equivalents at the beginning of the year		8,289,899	5,371,507
Cash and cash equivalents at the end of the year	9	4,323,358	8,289,899

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



PRESIDENT



HONORARY TREASURER



EXECUTIVE DIRECTOR

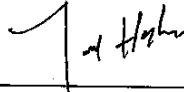
**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Capital	Library Fund	Members' General Fund	Unrealized gain / (loss) on available -for- sale investments	Accumulated Surplus	Total
-----Rupees-----						
Balance as at December 31, 2010	87,356	5,000	3,147,250	177,951	14,342,631	17,760,188
Net surplus for the year	-	-	-	-	792,924	792,924
Transferred during the year	-	-	110,100	-	(110,100)	-
Unrealized loss on available -for-sale investments	-	-	-	(121,721)	-	(121,721)
Balance as at December 31, 2011	87,356	5,000	3,257,350	56,230	15,025,455	18,431,391
Net 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

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



PRESIDENT



HONORARY TREASURER



EXECUTIVE DIRECTOR

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

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.

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 / deletion 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.
- Profit on investments is recognized on an accrual basis based on effective interest rate method.
- Management convention fee is recognized on an accrual basis.
- 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.

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.

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3. PROPERTY, PLANT AND EQUIPMENT

	COST			Rate %	ACCUMULATED DEPRECIATION			BOOK VALUE
	As at January 01, 2012	Additions	Disposals		As at January 01, 2012	Charge for the year	(On disposal)	
December 31, 2012	Rupees				Rupees			
Owned								
Furniture and fixtures	475,277	-	-	10	277,673	19,760	-	297,433
Library books	8,909	-	-	15	8,827	12	-	8,839
Office equipments	1,220,554	119,835	-	15	762,751	71,669	-	834,420
Air conditioner and refrigerator	183,250	-	-	15	107,486	11,365	-	118,851
Others	1,063	-	-	15	1,063	-	-	1,063
	1,889,053	119,835	-		1,157,800	102,806	-	1,260,606

	COST			Rate %	ACCUMULATED DEPRECIATION			BOOK VALUE
	As at January 01, 2011	Additions	Disposals		As at January 01, 2011	Charge for the year	(On disposal)	
December 31, 2011	Rupees				Rupees			
Owned								
Furniture and fixtures	480,277	-	(5,000)	10	257,871	21,956	(2,154)	277,673
Library books	8,909	-	-	15	8,813	14	-	8,827
Office equipments	1,375,721	123,828	(278,995)	15	909,811	80,789	(227,849)	762,751
Air conditioner and refrigerator	311,883	-	(128,633)	15	215,876	13,370	(121,760)	107,486
Others	1,063	-	-	15	1,063	-	-	1,063
	2,177,853	123,828	(412,628)		1,393,434	116,129	(351,763)	1,157,800

Extra

- 3.1 During the year, the Association revised its practice of charging full year's depreciation to month-wise depreciation on addition / deletion in the property, plant and equipment. The management believes that this change reflects a more systematic allocation of the depreciable amount of such assets over their useful lives. The change has been accounted for as a change in accounting estimate in accordance with the requirement of IAS – 8 "Accounting policies, change in accounting estimate and errors".

Had the estimate not been revised the depreciation charge for the year would have been higher and carrying value of property, plant and equipment would have been lower by Rs.14,979/- respectively and surplus for year would have been lower by the same amount.

	Note	2012 (Rupees)	2011 (Rupees)
4. INTANGIBLE ASSET			
Operating intangible asset	4.1	123,298	-
Advance against development and installation of various softwares	4.2	137,500	-
		<u>260,798</u>	<u>-</u>

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, 2012	Amortization Rate % per annum
	As at January 01, 2012	Additions during the year	As at December 31, 2012	As at January 01, 2012	For the year	As at December 31, 2012		
----- (Rupees) -----								
Computer software								
2012	-	139,583	139,583	-	16,285	16,285	123,298	33.33
2011	-	-	-	-	-	-	-	-

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

	Note	2012 (Rupees)	2011 (Rupees)
5. LONG TERM INVESTMENTS			
Held to Maturity – at amortized cost			
Certificate of investment			
Orix Leasing Pakistan Limited	5.1	1,873,492	1,728,392
Orix Leasing Pakistan Limited	5.2	1,238,334	1,238,698
Orix Leasing Pakistan Limited		-	2,047,028
Orix Leasing Pakistan Limited	5.3	1,011,506	-
		<u>4,123,332</u>	<u>5,014,118</u>
Less: Current portion		<u>3,111,826</u>	<u>2,047,028</u>
		<u>1,011,506</u>	<u>2,967,090</u>

- 5.1 This represents Rs. 1 million (2011: Rs. 1 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 14.51% (2011: 14.51%) per annum having maturity on August 16, 2013.

- 5.2 This represents Rs. 1.2 million (2011: Rs. 1.2 million), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 11% (2011: 11%) per annum having maturity on April 16, 2013.

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- 5.3 This represents Rs. 1 million (2011: Rs. Nil), invested in Certificate of Investment of Orix Leasing Pakistan Limited carrying markup at the rate of 14% (2011: Nil) per annum having maturity on April 02, 2015.

	Note	2012 (Rupees)	2011 (Rupees)
6. SUBSCRIPTION RECEIVABLE FROM MEMBERS			
Balance as at the beginning of the year		801,875	1,521,875
Subscription income for the year		5,295,705	5,713,760
Received during the year		(1,469,990)	(2,843,330)
Advance fee and subscription adjusted during the year		(3,208,215)	(2,175,180)
Written off during the year		(755,375)	(1,415,250)
Balance as at the end of the year		<u>664,000</u>	<u>801,875</u>

7. DEPOSITS AND PREPAYMENTS

Security deposits		100,000	100,000
Prepayments		990,558	899,320
		<u>1,090,558</u>	<u>999,320</u>

8. SHORT TERM INVESTMENTS

Held to maturity			
Certificate of Investments	8.1	2,505,096	2,505,134
Term Deposit Receipts	8.2	6,859,548	3,049,317
Current portion of long term investments	5	3,111,826	2,047,028
		<u>12,476,470</u>	<u>7,601,479</u>
Available-for-sale			
Quoted securities	8.3	731,873	571,121
		<u>13,208,343</u>	<u>8,172,600</u>

- 8.1 This represents Rs. 2.5 million (2011: Rs. 2.5 million), invested in Certificate of Investment of Pak Oman Investment Company carrying markup at the rate of 9.3% (2011: 11.90%) per annum having maturity on December 24, 2013.

- 8.2 This represents Rs. 6.5 million (2011: Rs.3 million) invested in one year term deposit receipt with various commercial banks (2011: Faysal Bank Limited), carrying markup at the rates ranging from 9% to 11.5% (2011: 11.30%) per annum, having maturity upto November 02, 2013.

		2012 (Rupees)	2011 (Rupees)
8.3 Available-for-sale			
Quoted securities			
	No. of units		
	2012		2011
	UNITS		
	22,051	22,051	National Investment Trust - Units
		<u>731,873</u>	<u>571,121</u>

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	Note	2012 (Rupees)	2011 (Rupees)
16. OTHER INCOME			
Profit on PLS accounts		144,734	36,624
Profit on treasury call account		158,398	369,707
Donation		30,000	-
		<u>333,132</u>	<u>406,331</u>
17. STAFF COST			
Salaries and allowances	17.1	5,273,170	4,210,215
Provision for gratuity		175,145	195,413
Ex-gratia payments		222,108	356,846
Contribution to Employees Old Age Benefits Institution		30,900	29,820
Medical assistance		94,865	112,956
		<u>5,796,188</u>	<u>4,905,250</u>

17.1 Salaries and allowances

This includes remuneration amounting to Rs. 2.837 million (2011: Rs. 2.421 million) to the Executive Director of the Association.

	Note	2012 (Rupees)	2011 (Rupees)
18. OTHER ESTABLISHMENT COSTS AND ADMINISTRATIVE EXPENSES			
Office rent		918,932	835,393
Utilities		284,311	258,197
Telephone expenses		79,242	83,052
Office and general expenses		119,346	99,152
Printing and stationery		112,752	114,381
Postage		92,949	44,109
Insurance		202,687	114,598
Conveyance		67,789	58,150
Annual report and meeting		555,414	191,313
Entertainment		56,363	70,862
Depreciation	3	102,806	116,129
Amortization	4	16,285	-
Bad debts written off		755,375	1,415,250
Bank charges		20,288	12,885
Legal and professional charges		-	540,000
Auditors' remuneration		90,000	90,000
Membership subscriptions		223,799	133,222
Travelling, boarding and lodging		106,689	42,112
Repair and maintenance		85,776	72,555
Website cost		75,962	110,697
Advertisement		78,540	68,850
Loss on disposal of property, plant and equipment		-	60,865
Lease rentals		353,567	29,732
		<u>4,398,872</u>	<u>4,561,504</u>

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	Note	2012 (Rupees)	2011 (Rupees)
9. CASH AND BANK BALANCES			
In hand		13,087	5,182
With banks on - current accounts		31,537	30,354
- PLS accounts	9.1	3,527,648	6,677,830
- treasury call account	9.2	751,086	1,576,533
		<u>4,310,271</u>	<u>8,284,717</u>
		<u>4,323,358</u>	<u>8,289,899</u>
9.1 This carries profit at the rate of 6% (2011: 5%) per annum.			
9.2 This carries profit at the rate of 7% (2011: 8%) per annum.			
10. ADVANCE FEE AND SUBSCRIPTION			
Subscription from members		2,968,315	3,208,215
Seminar fee		12,680	15,180
		<u>2,980,995</u>	<u>3,223,395</u>
11. TRADE AND OTHER PAYABLES			
Accrued liabilities		163,849	180,929
MAP Convention / Conference expenses payable		2,755,886	2,877,752
Book overdraft		-	541
		<u>2,919,735</u>	<u>3,059,222</u>
12. DEFERRED LIABILITY – Staff gratuity			
Opening balance		1,621,258	1,931,845
Provision for the year		175,145	195,413
Payments during the year		(932,741)	(506,000)
		<u>863,662</u>	<u>1,621,258</u>
13. NET INCOME FROM SEMINARS AND COURSES			
Fee		1,980,473	1,230,675
Expenses		(1,281,758)	(851,447)
		<u>698,715</u>	<u>379,228</u>
14. RETURN ON INVESTMENTS			
Profit / dividend on:			
Certificate of investments		673,669	1,209,806
National Investment Trust Limited Units		63,948	73,871
Term Deposits Receipts		616,165	207,256
		<u>1,353,782</u>	<u>1,490,933</u>
15. NET INCOME FROM MANAGEMENT CONVENTION / CONFERENCE			
Fee		5,815,027	5,095,635
Expenses		(3,470,970)	(2,936,309)
		<u>2,344,057</u>	<u>2,159,326</u>

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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

During last year, 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.

20.2 Commitment for rentals under lease agreement:

	Note	2012 (Rupees)	2011 (Rupees)
Within one year		353,820	353,820
After one year but not more than five years		1,061,460	1,415,280
	20.2.1	<u>1,415,280</u>	<u>1,769,100</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 1.415 million (2011: Rs. 1.769 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 (2011: 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 20 February, 2013.

Signature

Signature

PRESIDENT

Signature

HONORARY TREASURER

Signature

EXECUTIVE DIRECTOR