



**FINANCIAL MARKETS
ASSOCIATION OF PAKISTAN**

**FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
DECEMBER 31, 2010**

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**RIAZ AHMAD
SAQIB
GOHAR**



RIAZ AHMAD, SAQIB, GOHAR & COMPANY

Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Financial Markets Association of Pakistan as at December 31, 2010 and the related income and expenditure account, cash flow statement and statement of changes in accumulated funds together with the notes forming part thereof, for the six months 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 period was for the purpose of the association's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the period 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 accumulated funds along 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 December 31, 2010 and of the deficit, its cash flows and changes in funds for the six months then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

Karachi: 11 6 MAR 2011

Riaz Ahmad & Co.
Riaz Ahmad, Saqib, Gohar & Company
Chartered Accountants
Engagement Partner: Shahid Kamran
Shahid

A Member of AGN International Ltd. Accountants Global Network an International Association


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**FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
BALANCE SHEET
AS AT DECEMBER 31, 2010**

	Note	December 31, 2010	June 30, 2010
(Rupees)			
<u>ASSETS</u>			
NON CURRENT ASSETS			
Fixed assets	3	27,795	31,485
CURRENT ASSETS			
Short term investments	4	12,000,000	15,000,000
Advances and other receivables	5	658,412	216,027
Advance tax		52,482	-
Cash and bank balances	6	2,726,681	2,265,383
		15,437,575	17,481,410
TOTAL ASSETS		<u>15,465,370</u>	<u>17,512,895</u>
<u>FUND AND LIABILITIES</u>			
FUND			
General fund		15,368,346	17,387,077
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	7	97,024	125,818
CONTINGENCIES AND COMMITMENTS			
	8		
TOTAL FUND AND LIABILITIES		<u>15,465,370</u>	<u>17,512,895</u>

The annexed notes from 1 to 15 form an integral part of these financial statements. *Loss*


PRESIDENT


SECRETARY

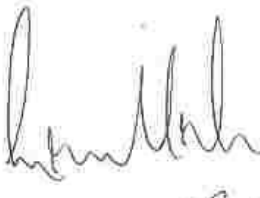

TREASURER

**FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
INCOME AND EXPENDITURE ACCOUNT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2010**

	Note	December 31, 2010	June 30, 2010
		(Rupees)	
Subscription fee		444,000	2,649,280
Other income	9	2,241,308	3,029,411
		2,685,308	5,678,691
Operating expenses:			
Administrative and general expenses	10	4,599,842	6,640,775
Financial charges		9,567	7,829
		4,609,409	6,648,604
(Deficit) before taxation		(1,924,101)	(969,913)
Taxation	11	(94,630)	(291,021)
(Deficit) after taxation		(2,018,731)	(1,260,934)
(Deficit) transferred to general fund		(2,018,731)	(1,260,934)

The annexed notes from 1 to 15 form an integral part of these financial statements. *Page*


PRESIDENT


SECRETARY


TREASURER

FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED DECEMBER 31, 2010

	Note	December 31, 2010	June 30, 2010
		(Rupees)	
CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit) for the period before taxation		(1,924,101)	(969,913)
Adjustments for non cash charges and other items:			
Depreciation		3,690	9,768
Operating profit before working capital changes		(1,920,411)	(960,145)
(Increase) / decrease in current assets			
Advance to employees		19,081	(65,000)
		(1,901,330)	(1,025,145)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		(28,794)	86,088
		(28,794)	86,088
Cash generated from/(used in) operations		(1,930,124)	(939,057)
Tax paid		(147,112)	(301,994)
Net cash generated from/(used in) operating activities		(2,077,236)	(1,241,051)
CASH FLOW FROM INVESTING ACTIVITIES			
Short term investments		3,000,000	-
Workshop fee receivable		(480,000)	-
Interest receivable		18,534	187,247
Capital expenditure		-	(7,050)
Net cash used in investing activities		2,538,534	180,197
Net increase/(decrease) in cash and cash equivalents		461,298	(1,060,854)
Cash and cash equivalents at the beginning of period		2,265,383	3,326,237
Cash and cash equivalents at the end of period		2,726,681	2,265,383

The annexed notes from 1 to 15 form an integral part of these financial statements.

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PRESIDENT

SECRETARY

TREASURER

**FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2010**

	Accumulated Fund	Total
	(Rupees)	
Balance as at July 1, 2009	18,648,011	18,648,011
(Deficit) for the year	(1,260,934)	(1,260,934)
Balance as at June 30, 2010	17,387,077	17,387,077
(Deficit) for the six months	(2,018,731)	(2,018,731)
Balance as at December 31, 2010	15,368,346	15,368,346

The annexed notes from 1 to 15 form an integral part of these financial statements. *Loss*


PRESIDENT


SECRETARY


TREASURER

FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2010

1 NATURE AND STATUS

- 1.1 Financial Markets Association of Pakistan (FMAP) was incorporated in Pakistan on 17th April, 2006 under section 42 of the Companies Ordinance, 1984 in accordance with the approval of SBP as an association not-for-profit. The members of the Association are drawn from Trading Room staff of all Scheduled Banks, NBFCs and FX/MM Interbank Brokerage Houses. FMAP is affiliated with "Association Catholique Internationale-Paris". The association, on incorporation, took over assets, liabilities and operation of its predecessor - an association of persons with the same name.
- 1.2 The Association has changed its financial year end from June 30 to December 31 with effect from December 31, 2010 and has prepared these financial statements for the six months period that ended. Therefore, the comparative figures in these financial statements are as at and for the year ended June 30, 2010. The change in financial year end has been made to coincide with norms of financial sector, as almost all the commercial banks / investment banks have their year end on December 31.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 ACCOUNTING CONVENTION

These accounts have been prepared under the historical cost convention.

Basis of presentation

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 (SSE) 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 REVENUE RECOGNITION

Income from Subscription Fee is recognized on receipt basis and income on savings accounts, placements and treasury bills purchase transactions are recognized on accrual basis. Subscription Fee has been recognized on receipt basis as it is not possible for the association to ascertain whether or not a member will continue his membership for the ensuing year.

2.3 FINANCIAL INSTRUMENT

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the income currently.

2.4 FIXED ASSETS:

Tangible

These are stated at cost less accumulated depreciation and impairment, if any.

Depreciation on addition and disposal of fixed assets is charged on proportionate depreciation basis. Depreciation is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 3 to the financial statements. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposal of fixed assets are included in income currently.

The association assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

2.5 FINANCIAL ASSETS

Measurement

Available for sale

Assets that are expected to be recovered primarily through sale rather than through continued use are classified as held for sale. The assets are measured at the lower of their carrying amounts and fair value less cost to sell.

Impairment losses on initial classification as held for sale are recognized in profit and loss account. Subsequent gains or losses on re-measurement are recognized directly in accumulated fund. Gains are not recognized in excess of any cumulative impairment loss.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the association intends to either settle on a net basis, or to realize the asset and settle the liability, simultaneously.

2.6 CASH AND CASH EQUIVALENT

Cash and cash equivalents comprise cash in hand, and deposits with the banks.

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3 FIXED ASSETS

The following is a statement of operating assets:

	Computers	Office Equipment (Rupees)	Total
As at July 01, 2009			
Cost	72,800	21,600	94,400
Accumulated depreciation	(54,611)	(5,586)	(60,197)
Net book value	18,189	16,014	34,203
Year ended June 30, 2010			
Opening net book value	18,189	16,014	34,203
Additions	3,450	3,600	7,050
Depreciation charge	(7,141)	(2,627)	(9,768)
Closing net book value	14,498	16,987	31,485
As at July 01, 2009			
Cost	76,250	25,200	101,450
Accumulated depreciation	(61,752)	(8,213)	(69,965)
Net book value	14,498	16,987	31,485
Six months ended December 31, 2010			
Opening net book value	14,498	16,987	31,485
Depreciation charge	(2,416)	(1,254)	(3,670)
Closing net book value	12,082	15,713	27,795
As at December 31, 2010			
Cost	76,250	25,200	101,450
Accumulated depreciation	(64,168)	(9,487)	(73,655)
Net book value	12,082	15,713	27,795
Annual Rate of Depreciation %	33.33%	15%	

4.1 There were no additions and deletions during the period.

		December 31, 2010	June 30, 2010
4. SHORT TERM INVESTMENTS	Note	(Rupees)	
	4.1	12,000,000	15,000,000

4.1 These represent investments in Certificate of Investment (COI) with Pak Oman Investment Company Limited. The certificate carry markup rate ranging from 12.25% to 12 % per annum (June 2010) (11% to 12.5% per annum).

5 ADVANCES AND OTHER RECEIVABLES

Advance to employees	35,000	65,000
Workshop fee receivable	490,000	-
Profit receivable on bank deposit	10,010	-
Markup receivable on COI	132,993	151,027
	658,003	216,027

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	Note	December 31, 2010	June 30, 2010
(Rupees)			
6	CASH AND BANK BALANCES		
	Cash in hand	9,238	1,933
	Cash at bank, in saving account	2,717,443	2,263,490
		<u>2,726,681</u>	<u>2,265,383</u>
7	CREDITORS, ACCRUED AND OTHER LIABILITIES		
	Audit fee payable	-	35,000
	Professional services fee payable	-	40,000
	With holding tax	48,673	30,373
	Salaries payable	-	5,445
	Website maintenance fee payable	15,000	15,000
	Other liabilities	33,351	-
		<u>97,024</u>	<u>125,818</u>
8	CONTINGENCIES AND COMMITMENTS		
	There are no contingencies and commitments as on December 31, 2010. (June 30, 2010: nil)		
9	OTHER INCOME		
	Workshop fee	1,110,000	1,110,000
	Rate sheet fee	10,000	45,000
	Income from COI	880,918	1,756,592
	Profit on bank deposit	65,098	117,819
	Brokerage accreditation fee	175,000	-
		<u>2,241,016</u>	<u>3,029,411</u>
10	ADMINISTRATIVE AND GENERAL EXPENSES		
	Contractual staff salaries and allowances	595,000	969,325
	Payment to ACI-Technical	14,768	147,537
	Printing & stationery	31,768	113,808
	Website maintenance	100,505	389,000
	Depreciation	3,690	9,768
	Legal and professional charges	79,095	101,290
	ACI/related expense	-	415,000
	Audit fee	24,000	35,000
	Workshop / seminar expenses	2,735,882	2,402,311
	Event management / entertainment	961,198	1,255,753
	Traveling & conveyance	28,729	55,265
	Postage & telegram	7,047	3,410
	Internet expense	7,900	11,630
	Miscellaneous expenses	30,619	31,458
		<u>4,899,842</u>	<u>6,640,775</u>

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11. TAXATION

Cutoff:	11.1.	<u>94,630</u>	<u>281,021</u>
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11.1. Provision for taxation has been made for the period as the application for the exemption under clause (58) of the Second Schedule to the Income Tax Ordinance, 2001 is still under process.

12. REMUNERATION OF PRESIDENT AND MEMBERS

During the period the president and members have not drawn any remuneration including other benefits

Note:	December 31, 2010	June 30, 2010
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13. NUMBER OF EMPLOYEES

Total number of employees as on	<u>3</u>	<u>3</u>
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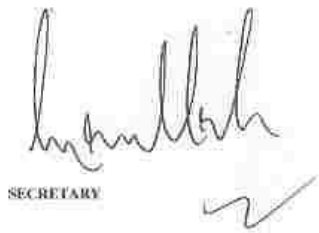
14. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 1.6 MAY 2011 by the Managing Committee of the Association.

15. GENERAL

Figures in these financial statements have been rounded off to the nearest rupee: *cash*


PRESIDENT


SECRETARY


TREASURER