

**FINANCIAL MARKETS
ASSOCIATION OF PAKISTAN**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2017**

***RIAZ AHMAD
SAQIB
GOHAR***

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Financial Markets Association of Pakistan ('the Association') as at December 31, 2017 and the related income and expenditure account, cash flow statement and statement of changes in general fund 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and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984 (effective through circulars 23 issued by Securities and Exchange Commission of Pakistan (SECP), dated October 04, 2017). 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- (a) in our opinion, proper books of accounts have been kept by the Association as required by the repealed Companies Ordinance, 1984 (effective through circulars 23 issued by Securities and Exchange Commission of Pakistan (SECP), dated October 04, 2017);
- (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sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984 (effective through circulars 23 issued by Securities and Exchange Commission of Pakistan (SECP), dated October 04, 2017), and are in agreement with the books of accounts 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 general fund together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the repealed Companies Ordinance, 1984 (effective through circulars 23 issued by Securities and Exchange Commission of Pakistan (SECP), dated October 04, 2017), 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, 2017 and of the deficit, its cash flows and changes in general fund for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVII of 1980).

Karachi:

06 APR 2018


Lias A.S. Gohar & Co
Chartered Accountants

Engagement Partner: Muhammad Kamal Gohar

FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
BALANCE SHEET
AS AT DECEMBER 31, 2017

	Note	2017 ---- (Rupees) ----	2016 Restated
<u>ASSETS</u>			
NON CURRENT ASSETS			
Property and equipment	4	23,543	17,310
Intangible assets	5	48,865	69,807
		<u>72,408</u>	<u>87,117</u>
CURRENT ASSETS			
Short term investments	6	3,000,000	7,500,000
Accrued interest	7	30,427	70,854
Advances and prepayments	8	195,659	146,600
Other receivables	9	2,490,000	1,291,795
Advance tax - net		746,807	770,024
Cash and bank balances	10	2,249,404	3,196,511
		<u>8,712,297</u>	<u>12,975,784</u>
TOTAL ASSETS		<u><u>8,784,705</u></u>	<u><u>13,062,901</u></u>
<u>FUND AND LIABILITIES</u>			
FUND			
General fund		7,198,303	11,380,403
CURRENT LIABILITIES			
Accrued and other liabilities	11	1,586,402	1,682,498
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL FUND AND LIABILITIES		<u><u>8,784,705</u></u>	<u><u>13,062,901</u></u>

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


PRESIDENT


SECRETARY


TREASURER

FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 ---- (Rupees) ----	2016 Restated
Income	13	13,262,748	8,619,208
Administrative and general expenses	14	(17,263,008)	(7,289,144)
		(4,000,260)	1,330,064
Other income	15	443,615	550,752
Financial charges		(11,040)	(9,634)
(Deficit)/ surplus before tax		(3,567,685)	1,871,182
Taxation	16	(614,415)	(645,849)
(Deficit)/ surplus after tax		(4,182,100)	1,225,333

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

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PRESIDENT


SECRETARY


TREASURER

FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 ---- (Rupees) ----	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/ generated from operations	17	(5,309,178)	1,739,639
Taxes paid / adjusted		(591,198)	(484,785)
Financial charges paid		(11,040)	(9,634)
Net cash (used in)/ generated from operating activities		(5,911,416)	1,245,220
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(14,555)	(5,500)
Purchase of Term Deposit Receipts		-	(21,000,000)
Encashment of Term Deposit Receipts		4,500,000	21,500,000
Mark-up received		478,864	500,141
Net cash generated from investing activities		4,964,309	994,641
Net (decrease)/ increase in cash and cash equivalents		(947,107)	2,239,861
Cash and cash equivalents at the beginning of year		3,196,511	956,650
Cash and cash equivalents at the end of year	10	2,249,404	3,196,511

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

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PRESIDENT


SECRETARY


TREASURER

FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
 (A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
 STATEMENT OF CHANGES IN GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund (Restated) Rupees
Balances as at January 1, 2016 - earlier reported	11,051,793
Effect of restatement	(896,724)
Balances as at January 1, 2016 - restated	<u>10,155,069</u>
Surplus for the year ended December 31, 2016 - earlier reported	1,871,182
Effect of restatement	(645,849)
Balances as at December 31, 2016 - restated	<u>11,380,403</u>
Deficit for the year ended December 31, 2017	(4,182,100)
Balances as at December 31, 2017	<u><u>7,198,303</u></u>

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

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 PRESIDENT


 SECRETARY


 TREASURER

FINANCIAL MARKETS ASSOCIATION OF PAKISTAN
(A COMPANY SET UP UNDER SECTION 42 OF THE COMPANIES ORDINANCE, 1984)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1 NATURE AND STATUS

- 1.1** Financial Markets Association of Pakistan (the Association) 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 Dealing Room staff of all Scheduled Banks, NBFCs and FX/MM Interbank Brokerage Houses. The Association is affiliated with "Association Cambiste Internationale-Paris". The Association, on incorporation, took over assets, liabilities and operation of its predecessor - an association of persons with the same name. The registered office of the Association is situated at C/O Treasury Management Group, National Bank of Pakistan, 1st Floor, NBP Head Office, I. I. Chundrigar Road, Karachi.

The Securities and Exchange Commission of Pakistan (SECP) has renewed the Association's license on January 20, 2016. This renewal has been made for a term of five years upto January 15, 2021.

2 BASIS OF PRESENTATION

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 International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) as issued by the International Accounting Standards Board (IASB) and adopted by Institute of Chartered Accountants of Pakistan (ICAP) and provisions of and directives issued under the Companies Ordinance, 1984 - 'repealed' (effective through circular 23 of 2017 dated October 04, 2017). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 - 'repealed' shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Association.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property and equipment

Tangible

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

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Depreciation on addition and disposal of fixed assets is charged on proportionate basis, that is, depreciation on addition is charged from the month the assets are available for use while no depreciation is charged in the month of disposal. Depreciation is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 4 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.

3.2 Financial assets

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. Subsequent gains or losses on re-measurement are recognized directly in general fund.

Impairment losses on initial classification as held for sale are recognized in income and expenditure account. Gains are not recognized in excess of any cumulative impairment loss.

3.3 Financial instruments

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 derecognizing of the financial assets and liabilities is included in the income currently.

3.4 Intangible assets

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

Amortization is charged to income applying the straight-line method over the estimated useful lives of related assets, at the rates specified in note 5 to the financial statements. Amortization is charged on proportionate basis with full month amortization in the month when asset is available for use, whereas no amortization is charged in the month of disposal.

Intangible assets are capitalized when it is probable that future economic benefits attributable to the asset will flow to the enterprise and the same shall be amortized applying an appropriate amortization rate.

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3.5 Off setting

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.

3.6 Foreign currency translation

Transactions in foreign currency are converted into Rupee at the rates of exchange approximating to those ruling at the date of transaction. Assets and liabilities in foreign currency have been translated into Rupee at the rates of exchange approximating those ruling at the balance sheet date.

3.7 Revenue recognition

a) Subscription fee, brokerage accreditation fee and event subscription fee is 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 and whether or not the member will participate in the event.

b) Workshop fee and income from savings accounts, placements and treasury bills purchase transactions are recognized on accrual basis.

3.8 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits and rebates, if any.

Prior

In the wake of Association's pending application for exemption from tax, the Association had not accounted for tax expense in respective financial statements of the prior years. As the approval has not yet granted as at year end, the management has decided to account for the tax of current and prior years in these financial statements. Accordingly, corresponding figures for the year ended December 31, 2016 has been restated. As a result of restatement, tax expense has been increased by an amount of Rs 645,849 and general fund and advance tax has been reduced by amount Rs 1,542,572 respectively as at December 31, 2017.

3.9 Cash and cash equivalents

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

4 PROPERTY AND EQUIPMENT

2017

Particulars	C O S T			Rate	D E P R E C I A T I O N			As at December 31, 2017
	As at January 01, 2017	Additions	As at December 31, 2017		As at January 01, 2017	Charge for the year	As at December 31, 2017	
Computer and allied equipment	129,250	14,555	143,805	33.33	117,866	7,433	125,299	18,506
Office equipment	25,200	-	25,200	15	19,274	889	20,163	5,037
2017	154,450	14,555	169,005		137,140	8,322	145,462	23,543
2016	148,950	5,500	154,450		131,778	5,362	137,140	17,310

5 INTANGIBLE ASSETS

2017

Particulars	C O S T			Rate	A M O R T I Z A T I O N			As at December 31, 2017
	As at January 01, 2017	Additions	As at December 31, 2017		As at January 01, 2017	Charge for the year	As at December 31, 2017	
Website development	104,710	-	104,710	20	34,903	20,942	55,845	48,865
2017	104,710	-	104,710		34,903	20,942	55,845	48,865
2016	104,710	-	104,710		13,961	20,942	34,903	69,807

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	Note	2017 ---- (Rupees) ----	2016
6 SHORT TERM INVESTMENTS			
Term Deposit Receipts (TDRs)	6.1	<u>3,000,000</u>	<u>7,500,000</u>
6.1 These represent investment in Term Deposit Receipts (TDRs) with Pak Oman Investment Company Limited carrying profit @ 6.00% (2016: 6.20 to 6.30%) per annum and have a maturity of 1 month.			
7 ACCRUED INTEREST			
Accrued interest on TDRs		21,526	58,689
Accrued interest on saving account		8,901	12,165
		<u>30,427</u>	<u>70,854</u>
8 ADVANCES AND PREPAYMENTS			
Advance to employees		30,000	-
Prepayments		165,659	146,600
		<u>195,659</u>	<u>146,600</u>
9 OTHER RECEIVABLES			
Brokerage accreditation fee		300,000	200,000
Workshop fee		1,800,000	990,000
Event subscription fee		390,000	-
Income from NIFT		-	101,795
		<u>2,490,000</u>	<u>1,291,795</u>
10 CASH AND BANK BALANCES			
Cash in hand		2,510	3,731
Cash at bank			
- in saving account	10.1	2,246,894	3,192,780
		<u>2,249,404</u>	<u>3,196,511</u>
10.1 These carry mark-up at the rate of 4% to 4.5% (2016 : 4% to 4.5%) per annum.			
11 ACCRUED AND OTHER LIABILITIES			
Withholding tax payable		-	90,455
Audit fee payable		151,790	151,790
Accrued expenses		1,434,612	1,440,253
		<u>1,586,402</u>	<u>1,682,498</u>

12 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as on December 31, 2017 (2016: Nil).

	Note	2017 ---- (Rupees) ----	2016
13 INCOME			
Subscription fee		4,253,700	3,723,500
Workshop fee		2,000,000	2,200,000
Rate sheet fee		20,000	40,000
Brokerage accreditation fee		2,200,000	2,300,000
Income from NIFT		409,048	355,708
Event subscription fee		4,380,000	-
		<u>13,262,748</u>	<u>8,619,208</u>

14 ADMINISTRATIVE AND GENERAL EXPENSES

Contractual staff salaries and allowances		1,261,024	1,163,228
Printing & stationery		27,992	36,220
Website maintenance		477,916	439,800
Repair and maintenance		2,500	2,960
Depreciation	4	8,322	5,362
Amortization	5	20,942	20,942
Legal and professional charges		-	34,465
Meetings		1,711,190	998,323
Auditors' remuneration	14.1	151,790	151,790
Fee & subscription		4,550	322,715
Workshop/ seminar		12,745,672	2,943,891
Event management		488,125	973,335
Traveling & conveyance		57,590	59,980
Postage & telegram		41,876	19,280
Internet expense		21,716	21,770
Communication		14,799	12,900
Bad debt expense		190,000	43,000
Miscellaneous		37,004	39,183
		<u>17,263,008</u>	<u>7,289,144</u>

14.1 Auditors' remuneration

Audit fee		71,875	71,875
Professional and other services		71,875	71,875
Out of pocket		8,040	8,040
		<u>151,790</u>	<u>151,790</u>

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	Note	2017 ---- (Rupees) ----	2016 ---- (Rupees) ----
15 OTHER INCOME			
Income from TDRs		349,181	468,656
Profit on bank deposit		89,256	68,206
Exchange gain		-	13,890
Other income		5,178	-
		<u>443,615</u>	<u>550,752</u>
	Note	2017 ---- (Rupees) ----	2016 ---- (Rupees) ---- Restated
16 TAXATION			
Current		<u>614,415</u>	<u>645,849</u>
17 CASH GENERATED FROM OPERATIONS			
(Deficit)/ surplus for the year before taxation		(3,567,685)	1,871,182
Adjustments for non cash items:			
Interest income		(438,437)	(536,862)
Exchange gain		-	(13,890)
Bad debt expense		190,000	43,000
Financial charges		11,040	9,634
Depreciation		8,322	5,362
Amortization		20,942	20,942
(Deficit)/ surplus before working capital changes		<u>(3,775,818)</u>	1,399,368
(Increase) in current assets			
Advances and prepayments		(49,059)	55,000
Other receivables		(1,388,205)	(951,030)
		<u>(1,437,264)</u>	<u>(896,030)</u>
(Decrease)/ increase in current liabilities			
Creditors, accrued and other liabilities		(96,096)	1,236,301
		<u>(96,096)</u>	<u>1,236,301</u>
Cash (used in) / generated from operations		<u>(5,309,178)</u>	<u>1,739,639</u>
18 RELATED PARTY TRANSACTIONS			

The related parties comprise of President, directors and key management personnel of the Association. The Association considers all members of their management team, including the Secretary and Directors to be its key management personnel. During the year the president and members have not drawn any remuneration including other benefits. There were no transactions with related parties occurred during the year ended December 31, 2017.

19 NUMBER OF EMPLOYEES

Number of employees as at year end

33

Average number of employees during the year

33

20 DATE OF AUTHORISATION

06 APR 2018

These financial statements were authorised for issue on _____ by the Executive Committee of the Association.

21 GENERAL

21.1 Figures in these financial statements have been rounded off to the nearest rupee.

21.2 Prior year's figures in these financial statements have been re-arranged / re-classified, where necessary, for better presentation.

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PRESIDENT



SECRETARY



TREASURER