

# **FINANCIAL STATEMENTS**

## **M/S PAKISTAN ADVERTISING ASSOCIATION, KARACHI**

**JUNE 30, 2016**

### **SALAHUDDIN & CO.**

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#### **CHARTERED ACCOUNTANTS**

514, 5<sup>TH</sup> FLOOR, MADINA CITY MALL,  
ABDULLAH HAROON ROAD, SADDAR,  
KARACHI - 744000

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# SALAHUDDIN & CO.

## CHARTERED ACCOUNTANTS

### AUDITORS' REPORT TO THE MANAGEMENT

We have audited the annexed Balance Sheet of M/S PAKISTAN ADVERTISING ASSOCIATION, KARACHI as on June 30, 2016 and related statement of Income & Expenditure Account, Statement of Cash Flows, Statement of Changes in General Fund (here-in-after to as the "financial statements") for the year then ended.

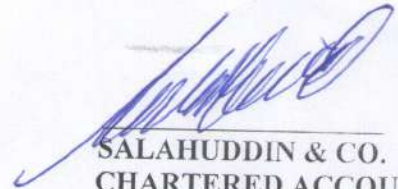
These financial statements are the responsibility of the management committee to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with general accepted auditing standards. Those standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from any material misstatements. An audit includes an examining, on a test basis, evidence supporting the amount and disclosures in financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis of our opinion.

In our opinion financial statements present fairly in all material respect the financial position of the M/S PAKISTAN ADVERTISING ASSOCIATION, KARACHI as at June 30, 2016 and of its Surplus / Deficit for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

KARACHI.

Dated: September 07, 2016

  
SALAHUDDIN & CO.  
CHARTERED ACCOUNTANTS



**PAKISTAN ADVERTISING ASSOCIATION, KARACHI**

**BALANCE SHEET**

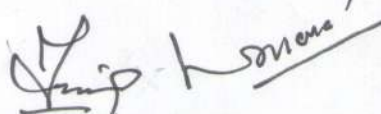
**AS ON 30TH JUNE, 2016**

|  | Note | 2016<br>Rupees          | 2015<br>Rupees          |
|--|------|-------------------------|-------------------------|
| <b>ASSETS</b>                          |      |                         |                         |
| <b>NON CURRENT ASSETS</b>              |      |                         |                         |
| Property and equipments                | 3    | 1,400,798               | 907,693                 |
| <b>CURRENT ASSETS</b>                  |      |                         |                         |
| Advances and other receivables         | 4    | 977,709                 | 1,543,504               |
| Cash and bank                          | 5    | 1,212,809               | 402,967                 |
|  |      | <b>2,190,518</b>        | <b>1,946,471</b>        |
|  |      | <u><b>3,591,316</b></u> | <u><b>2,854,164</b></u> |
| <b>GENERAL FUND AND LIABILITIES</b>    |      |                         |                         |
| <b>GENERAL FUND ACCOUNT</b>            |      |                         |                         |
|  | 6    | 2,336,186               | (1,845)                 |
| <b>CURRENT LIABILITIES</b>             |      |                         |                         |
| Accrued expenses and other liabilities | 7    | 1,255,130               | 2,856,009               |
|  |      | <b>1,255,130</b>        | <b>2,856,009</b>        |
|  |      | <u><b>3,591,316</b></u> | <u><b>2,854,164</b></u> |

The annexed notes from 1 to 13 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chairman



  
\_\_\_\_\_  
A-Secretary General





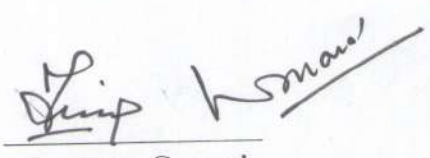
**PAKISTAN ADVERTISING ASSOCIATION, KARACHI**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 30TH JUNE, 2016**

|  | Note | 2016<br>Rupees | 2015<br>Rupees |
|--|------|----------------|----------------|
| <b>Income</b>  | 8    | 2,750,000      | -              |
| Administrative expenses  | 9    | 5,267,522      | 6,201,287      |
| <b>Excess of expenditures</b>                                    |      | (2,517,522)    | (6,201,287)    |
| Other income   | 10   | 4,890,928      | 3,116,478      |
| <b>Surplus / Deficit for the year</b>                            |      | 2,373,406      | (3,084,809)    |
| Deficit from Pakistan Advertising Institute                      | 11   | (35,375)       | (38,495)       |
| <b>Net Surplus / Deficit Transferred To General Fund Account</b> |      | 2,338,031      | (3,123,304)    |

The annexed notes from 1 to 13 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 Chairman



  
 \_\_\_\_\_  
 Secretary General



**PAKISTAN ADVERTISING ASSOCIATION, KARACHI**  
**STATEMENT OF CHANGES IN GENERAL FUND**  
**FOR THE YEAR ENDED 30TH JUNE, 2016**

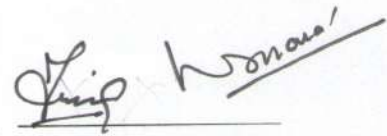
|                             | Rupees                  |
|-----------------------------|-------------------------|
| Opening balance             | 3,121,459               |
| Deficit for the year 2015   | <u>(3,123,304)</u>      |
| Balance as at June 30, 2015 | (1,845)                 |
| Surplus for the year 2016   | <u>2,338,031</u>        |
| Balance as at June 30, 2016 | <u><u>2,336,186</u></u> |

The annexed notes from 1 to 13 form an integral part of these financial statements.



Chairman





Secretary General



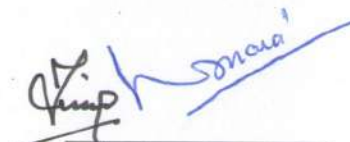
**PAKISTAN ADVERTISING ASSOCIATION, KARACHI**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30TH JUNE, 2016**

|  | Note | 2016<br>Rupees | 2015<br>Rupees |
|--|------|----------------|----------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>               |      |                |                |
| Net Surplus / Deficit for the year                       |      | 2,338,030      | (3,123,304)    |
| Adjustment for items not involving movement of funds :   |      |                |                |
| Depreciation   |      | 156,596        | 58,936         |
| Operating deficit before working capital changes         |      | 2,494,626      | (3,064,369)    |
| <b>Changes in working capital</b>                        |      |                |                |
| <b>(Increase) \ decrease in current assets</b>           |      |                |                |
| Advances and other receivables                           |      | 565,795        | 368,347        |
| <b>Increase \ (decrease) in current liabilities</b>      |      |                |                |
| Accrued expenses and other liabilities                   |      | (1,600,879)    | 2,756,846      |
| Cash (used in) / generated from operations               |      | 1,459,542      | 60,825         |
| Acquisition of fixed assets                              |      | (649,700)      | (31,785)       |
| Net cash (used in) / generated from operating activities |      | 809,842        | 29,040         |
| Net (decrease) in cash and cash equivalents              |      | 809,842        | 29,040         |
| Cash and cash equivalents at the beginning of the year   |      | 402,967        | 373,927        |
| Cash and cash equivalents at the end of the year         |      | 1,212,809      | 402,967        |

The annexed notes from 1 to 13 form an integral part of these financial statements.

  
 \_\_\_\_\_  
 Chairman



  
 \_\_\_\_\_  
 Secretary General



# PAKISTAN ADVERTISING ASSOCIATION, KARACHI

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2016

### 1. THE ASSOCIATION AND ITS ACTIVITIES

Pakistan Advertising Association ("The Association") was incorporated in Pakistan on 21st February 1981 as limited by guarantee under the Companies Ordinance 1984. The registered office of the Association is situated at Plot No. ST-4, Block-3, Adjacent Gulshan Flyover Opp: T.O. Clinic, Gulshan e Iqbal, Rashid Minhas Road, Karachi. The Association has been guaranteed License No. 211 by the Ministry of Commerce, Government of Pakistan to act as an Association to represent Trade, Commerce industry or services or any combination thereof in advertising sector on all Pakistan basis and to benefit media by establishing sound business practices between advertisers agencies.

These financial statements were authorized for issue on 7th September, 2016 by the Central Executive Committee of the association

### 2. ACCOUNTING POLICIES

#### 2.1 Basis of Preparation

These accounts have been prepared under the historical cost convention and are in accordance with requirements of the Companies Ordinance, 1984 and applicable accounting standards.

#### 2.2 Fixed Assets

These are stated at cost less accumulated depreciation, except leasehold land which is stated at cost. Depreciation is charged to income applying the reducing balance method at the rates specified in note 3. Full year's depreciation is charged on all additions whereas no depreciation is charged in the year of disposal.

Maintenance and normal repairs and replacement 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 fixed assets are included in current income.

#### 2.3 Revenue Recognition

Entrance and annual subscription income, service income and rental income are recognized on accrual basis. Membership subscription is accounted on receipt basis for members.

#### 2.4 Taxation

No provision has been made for current taxation as the Association has unabsorbed tax losses.

#### 2.5 Provisions

Provisions are recognized when :

- a) the Association has a present obligation (legal or constructive) as a result of past events,
- b) it is probable that an outflow of resources will be required to settle the obligation and
- c) a reliable estimate of the amount can be made.

#### 2.6 Financial Instruments

Financial instruments carried on the balance sheet include other receivables, cash and bank, accrued expenses and other liabilities. The particular recognition methods adopted are disclosed in the individual policy statement associated with each item.



### 3. PROPERTY AND EQUIPMENTS

| Particulars | Cost                |                          |                     | Rate | Depreciation              |                 |                           | W. D. V<br>as at<br>30-06-2016 |
|-------------|---------------------|--------------------------|---------------------|------|---------------------------|-----------------|---------------------------|--------------------------------|
|             | As at<br>01-07-2015 | Addition /<br>(deletion) | As at<br>30-06-2016 |      | Accumulated<br>01-07-2015 | For the<br>year | Accumulated<br>30-06-2016 |                                |

#### PAKISTAN ADVERTISING ASSOCIATION

|                       |                |                |                |     |                |                |                |                |
|-----------------------|----------------|----------------|----------------|-----|----------------|----------------|----------------|----------------|
| Refrigerator          | 18,500         | -              | 18,500         | 10% | 1,850          | 1,665          | 3,515          | 14,985         |
| Furniture & fixtures  | 61,489         | 322,000        | 383,489        | 10% | 44,123         | 33,937         | 78,060         | 305,429        |
| Typewriter            | 7,000          | -              | 7,000          | 10% | 5,022          | 198            | 5,220          | 1,780          |
| Office equipments     | 3,000          | 25,700         | 28,700         | 10% | 2,153          | 2,655          | 4,808          | 23,892         |
| Electrical equipments | 24,165         | -              | 24,165         | 10% | 8,873          | 1,529          | 10,402         | 13,763         |
| Computers             | 153,980        | 202,000        | 355,980        | 30% | 124,259        | 69,516         | 193,775        | 162,205        |
| Air conditioners      | 45,206         | 100,000        | 145,206        | 10% | 31,833         | 11,337         | 43,170         | 102,036        |
| Fax machine           | 13,600         | -              | 13,600         | 10% | 9,759          | 384            | 10,143         | 3,457          |
| <b>TOTAL (a)</b>      | <b>326,940</b> | <b>649,700</b> | <b>976,640</b> |     | <b>227,872</b> | <b>121,221</b> | <b>349,092</b> | <b>627,547</b> |

#### PAKISTAN ADVERTISING INSTITUTE

|                            |                  |          |                  |     |                |               |                |                |
|----------------------------|------------------|----------|------------------|-----|----------------|---------------|----------------|----------------|
| Leasehold land             | 261,845          | -        | 261,845          | 0%  | -              | -             | -              | 261,845        |
| Building at leasehold land | 742,624          | -        | 742,624          | 5%  | 341,340        | 20,064        | 361,404        | 381,220        |
| Furniture & fixtures       | 198,836          | -        | 198,836          | 10% | 137,606        | 6,123         | 143,729        | 55,107         |
| Fax machine                | 12,500           | -        | 12,500           | 10% | 8,141          | 436           | 8,577          | 3,923          |
| Computers                  | 161,850          | -        | 161,850          | 30% | 158,042        | 1,142         | 159,184        | 2,666          |
| Air conditioners           | 112,629          | -        | 112,629          | 10% | 78,754         | 3,388         | 82,142         | 30,487         |
| Books                      | 46,726           | -        | 46,726           | 10% | 32,955         | 1,377         | 34,332         | 12,394         |
| Electrical equipments      | 90,350           | -        | 90,350           | 10% | 61,896         | 2,845         | 64,741         | 25,609         |
| <b>TOTAL (b)</b>           | <b>1,627,360</b> | <b>-</b> | <b>1,627,360</b> |     | <b>818,734</b> | <b>35,375</b> | <b>854,109</b> | <b>773,251</b> |

|                         |                  |                |                  |  |                  |                |                  |                  |
|-------------------------|------------------|----------------|------------------|--|------------------|----------------|------------------|------------------|
| <b>TOTAL 2016 (a+b)</b> | <b>1,954,300</b> | <b>649,700</b> | <b>2,604,000</b> |  | <b>1,046,606</b> | <b>156,596</b> | <b>1,203,201</b> | <b>1,400,798</b> |
|-------------------------|------------------|----------------|------------------|--|------------------|----------------|------------------|------------------|

|                   |                  |               |                  |  |                |               |                  |                |
|-------------------|------------------|---------------|------------------|--|----------------|---------------|------------------|----------------|
| <b>TOTAL 2015</b> | <b>1,922,515</b> | <b>31,785</b> | <b>1,954,300</b> |  | <b>987,668</b> | <b>58,936</b> | <b>1,046,604</b> | <b>907,693</b> |
|-------------------|------------------|---------------|------------------|--|----------------|---------------|------------------|----------------|





|  | 2016<br>Rupees   | 2015<br>Rupees   |
|--|------------------|------------------|
| <b>4. ADVANCES AND OTHER RECEIVABLES</b>         |                  |                  |
| <b>Advances</b>                                  |                  |                  |
| Advance income tax                               | 895,989          | 1,276,384        |
| Advance to staff                                 | -                | 185,400          |
| <b>Other Receivables</b>                         |                  |                  |
| Income tax refundable                            | 81,720           | 81,720           |
|  | <u>977,709</u>   | <u>1,543,504</u> |
| <b>5. CASH AND BANK</b>                          |                  |                  |
| <b>Cash at bank in current accounts</b>          |                  |                  |
| Pakistan Advertising Association                 | 1,196,343        | 382,695          |
| Pakistan Advertising Institute                   | 14,745           | 14,745           |
|  | <u>1,211,088</u> | <u>397,440</u>   |
| <b>Cash in hand</b>                              |                  |                  |
| Pakistan Advertising Association                 | 1,721            | 5,527            |
|  | <u>1,212,809</u> | <u>402,967</u>   |
| <b>6. GENERAL FUND ACCOUNT</b>                   |                  |                  |
| Balance brought forward                          | (1,845)          | 3,121,459        |
| Net Surplus / Deficit for the year               | 2,338,031        | (3,123,304)      |
|  | <u>2,336,186</u> | <u>(1,845)</u>   |
| <b>7. ACCRUED EXPENSES AND OTHER LIABILITIES</b> |                  |                  |
| Accrued expenses                                 | 727,130          | 1,576,561        |
| Provident fund payable                           | -                | 421,448          |
| Advance against members' subscription            | 528,000          | -                |
| Legal fee payable                                | -                | 858,000          |
|  | <u>1,255,130</u> | <u>2,856,009</u> |



|  | 2016<br>Rupees   | 2015<br>Rupees   |
|--|------------------|------------------|
| <b>8. INCOME</b>                                       |                  |                  |
| Admission Fee  | 910,000          | -                |
| Annual Subscription Fee                                | 1,840,000        | -                |
|  | <u>2,750,000</u> | <u>-</u>         |
| <b>9. ADMINISTRATIVE EXPENSES</b>                      |                  |                  |
| Salaries & allowances                                  | 2,564,730        | 1,746,800        |
| Staff welfare  | 75,654           | 1,546,236        |
| Electric charges                                       | 218,400          | 155,431          |
| Telephone, fax & internet                              | 182,854          | 105,606          |
| Printing and stationary                                | 144,192          | 13,995           |
| Rate & taxes   | 20,750           | 11,960           |
| Meeting expenses                                       | 120,951          | -                |
| Repair and maintenance                                 | 566,990          | -                |
| Postage & telegram                                     | 17,789           | 2,220            |
| Entertainment  | 120,259          | 55,477           |
| Conveyance & traveling                                 | 399,523          | 247,370          |
| Audit fees   | 25,000           | 12,000           |
| Website charges  | 28,500           | -                |
| Legal and professional charges                         | 380,495          | 1,404,080        |
| Provident fund expense                                 | 76,000           | 421,448          |
| Miscellaneous  | 112,700          | 428,875          |
| Bank charges   | 6,715            | 2,348            |
| Bad debts  | 84,799           | 27,000           |
| Depreciation   | 121,221          | 20,441           |
|  | <u>5,267,522</u> | <u>6,201,287</u> |
| <b>10. OTHER INCOME</b>                                |                  |                  |
| Rental income  | 3,135,850        | 3,116,478        |
| Payable write off                                      | 1,755,078        | -                |
|  | <u>4,890,928</u> | <u>3,116,478</u> |
| <b>11. DEFICIT FROM PAKISTAN ADVERTISING INSTITUTE</b> |                  |                  |
| <b>ADMINISTRATIVE EXPENSES</b>                         |                  |                  |
| Depreciation   | 35,375           | 38,495           |
|  | (35,375)         | (38,495)         |
| <b>DEFICIT FOR THE YEAR</b>                            | <u>(35,375)</u>  | <u>(38,495)</u>  |



## 12. TAXATION

Income tax assessments of the association has been finalized upto and including year 2015. No provision has been made for current taxation as the Association has unabsorbed tax losses.

## 13. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

### 13.1 Financial Assets and Liabilities

|  | Interest Bearing             |                               | Sub<br>Total | Non-interest Bearing         |                               | Sub<br>Total     | Grand Total<br>2016 |
|--|------------------------------|-------------------------------|--------------|------------------------------|-------------------------------|------------------|---------------------|
|  | Maturity<br>upto<br>one year | Maturity<br>After<br>one year |              | Maturity<br>upto<br>one year | Maturity<br>after<br>one year |                  |                     |
| <b>Financial Assets</b>                |                              |                               |              |                              |                               |                  |                     |
| Advances and other receivable          | -                            | -                             | -            | 977,709                      | -                             | 977,709          | 977,709             |
| Cash and Bank Balances                 | -                            | -                             | -            | 1,212,809                    | -                             | 1,212,809        | 1,212,809           |
|  | -                            | -                             | -            | <b>2,190,518</b>             | -                             | <b>2,190,518</b> | <b>2,190,518</b>    |
| <b>Financial Liabilities</b>           |                              |                               |              |                              |                               |                  |                     |
| Accrued expenses and other liabilities | -                            | -                             | -            | 1,255,130                    | -                             | 1,255,130        | 1,255,130           |
|  | -                            | -                             | -            | <b>1,255,130</b>             | -                             | <b>1,255,130</b> | <b>1,255,130</b>    |

|  | Interest Bearing             |                               | Sub<br>Total | Non-interest Bearing         |                               | Sub<br>Total     | Grand Total<br>2015 |
|--|------------------------------|-------------------------------|--------------|------------------------------|-------------------------------|------------------|---------------------|
|  | Maturity<br>upto<br>one year | Maturity<br>After<br>one year |              | Maturity<br>upto<br>one year | Maturity<br>after<br>one year |                  |                     |
| <b>Financial Assets</b>                |                              |                               |              |                              |                               |                  |                     |
| Advances and other receivable          | -                            | -                             | -            | 185,400                      | -                             | 185,400          | 185,400             |
| Cash and Bank Balances                 | -                            | -                             | -            | 402,967                      | -                             | 402,967          | 402,967             |
|  | -                            | -                             | -            | <b>588,367</b>               | -                             | <b>588,367</b>   | <b>588,367</b>      |
| <b>Financial Liabilities</b>           |                              |                               |              |                              |                               |                  |                     |
| Accrued expenses and other liabilities | -                            | -                             | -            | 2,322,379                    | -                             | 2,322,379        | 2,322,379           |
|  | -                            | -                             | -            | <b>2,322,379</b>             | -                             | <b>2,322,379</b> | <b>2,322,379</b>    |

### 13.2 Credit Risk Exposure

Credit risk represents the accounting loss that would be recognized at the reporting date if parties failed completely to perform as contracted. The association believes that it is not exposed to major concentration of credit Risk. To manage exposure to credit risk the association continuously monitors the credit exposure towards its members and others and provision against those balances considered doubtful of recovery. The financial assets which are exposed to credit risk amounted to Rs. 1,494,661 (2015: Rs. 185,400).

### 13.3 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will effect value of financial instruments. The company is not exposed to interest rate risk.





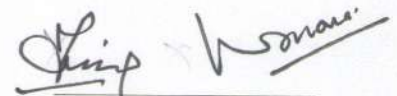
**13.4 Fair value of financial instruments**

The carrying value of all financial assets and liabilities reflected in the financial statement approximate their fair value.

**14. GENERAL**

- |  | 2016     | 2015     |
|--|----------|----------|
| 14.1 Total number of employees at the year end were  | <u>6</u> | <u>8</u> |
| 14.2 These financial statements were authorized for issue on 19th August, 2016 by the Central Executive Committee of the association.                                  |          |          |
| 14.3 The corresponding figures of previous year are re-arranged and re-grouped wherever necessary, for the purpose of comparison. There was no major reclassification. |          |          |
| 14.4 Figures are rounded off to the nearest rupee.   |          |          |

  
Chairman

  
Secretary General

