



## Financial Statements

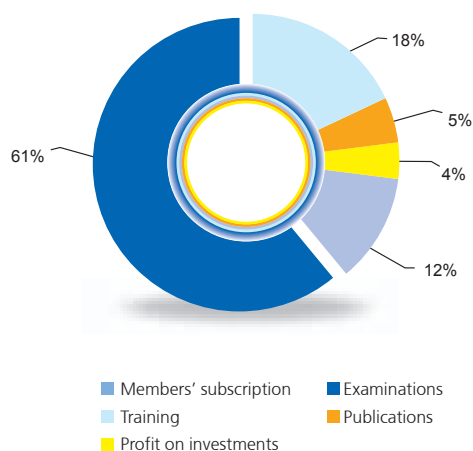
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# Five Years Key Financial Highlights

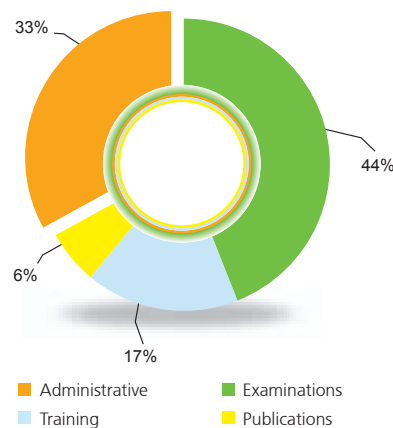
Rupees in million

	2007	2006	2005	2004	2003
<b>Revenues</b>					
Members' subscription	19.33	12.32	8.76	8.26	8.09
Examinations	94.56	67.34	46.17	42.94	40.60
Training	28.65	23.52	17.04	16.60	15.84
Publications	7.39	6.77	6.65	4.31	4.48
Profit on investments	6.13	4.61	3.06	2.40	2.99
<b>Expenditures</b>					
Administrative	46.66	34.45	26.73	19.07	18.33
Examinations	60.74	45.95	36.01	30.48	24.96
Training	24.27	16.90	12.95	11.65	10.48
Publications	8.52	7.02	7.17	4.97	4.50
<b>Assets</b>					
Property, plant and equipments	112.71	102.93	94.88	86.50	78.24
Investments	46.94	38.46	36.25	43.64	38.65
<b>Funding</b>					
General fund	129.39	127.36	126.73	125.49	68.00
Building fund	16.00	16.00	-	-	42.00
Specific funds	3.71	3.64	3.38	2.73	2.65
Endowment funds	20.00	-	-	-	-

Revenue Analysis - 2007



Expenditure Analysis - 2007



**Muhammad Afzal Munif**  
Chartered Accountant  
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**Adnan Zaman**  
Chartered Accountant  
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Beaumont Road,  
Karachi

## Auditors' Report to the Members

We have audited the annexed balance sheet of THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN ("the Institute") as at June 30, 2007 and the related income and expenditure account and cash flow statement together with the notes forming part thereof (here-in-after referred to as the "financial statements"), 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 Council of the Institute 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 Chartered Accountants Ordinance, 1961 and Chartered Accountants bye-laws, 1983. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the international auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Council, as well as, evaluating the overall presentation of the financial 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 Institute as required by the Chartered Accountants Ordinance, 1961 and Chartered Accountants bye-laws, 1983:
- (b) in our opinion:
  - i) the financial statements have been drawn up in conformity with the Chartered Accountants Ordinance, 1961 and Chartered Accountants bye-laws, 1983, 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 Institute; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Institute;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the financial statements conform with approved accounting standards as applicable in Pakistan, and give a true and fair view of the state of the Institute's affairs as at June 30, 2007 and of the surplus and cash flows for the year then ended.



**Muhammad Afzal Munif**  
Chartered Accountant



**Adnan Zaman**  
Chartered Accountant

Karachi.  
Date: September 21, 2007

# Balance Sheet

as at June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	112,711,599	102,932,336
Capital work-in-progress	4	13,981,561	-
Intangible assets	5	223,481	333,554
Investments	6	6,537,905	12,655,195
Advances, loans and deposits	7	7,839,842	10,489,305
Assets relating to specific funds	8	3,709,975	3,644,668
		<b>145,004,363</b>	<b>130,055,058</b>
<b>CURRENT ASSETS</b>			
Stock of publications and souvenirs		2,366,055	1,051,012
Current portion of investments	6	8,399,627	-
Short-term investments	9	32,000,000	25,800,000
Loans, advances, prepayments and other receivables	10	5,411,577	5,028,699
Cash and bank balances	11	13,732,257	10,044,500
		<b>61,909,516</b>	<b>41,924,211</b>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	12	36,723,212	24,657,844
Payable to benevolent fund	13	1,093,900	319,498
		<b>37,817,112</b>	<b>24,977,342</b>
<b>NET CURRENT ASSETS</b>		<b>24,092,404</b>	<b>16,946,869</b>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	14	-	-
		<b>169,096,767</b>	<b>147,001,927</b>
<b>FINANCED BY</b>			
General fund	15	129,386,792	127,357,259
Building fund	16	16,000,000	16,000,000
Specific funds	17	3,709,975	3,644,668
Endowment funds	18	20,000,000	-
		<b>169,096,767</b>	<b>147,001,927</b>

The annexed notes form an integral part of these financial statements.

  
Executive Director

  
President

# Income and Expenditure Account

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
Subscription and fees	19	22,762,478	15,826,758
Surplus/(deficit) on:			
Examinations	20	33,820,789	21,382,935
Training	21	4,386,633	6,614,719
Publications	22	(1,130,729)	(257,188)
Seminars and conferences	23	(1,064,745)	85,599
		36,011,948	27,826,065
		58,774,426	43,652,823
Administrative expenses	24	46,664,837	34,453,538
		12,109,589	9,199,285
Other revenue	25	9,919,944	6,531,860
Donations	26	-	900,000
		9,919,944	7,431,860
Surplus		22,029,533	16,631,145
Appropriations			
Transferred to building fund		-	16,000,000
Transferred to endowment funds		20,000,000	-
		20,000,000	16,000,000
Balance carried to general fund		2,029,533	631,145

The annexed notes form an integral part of these financial statements.

  
Executive Director

  
President

# Cash Flow Statement

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>Cash flows from operating activities</b>			
<b>Cash receipt from:</b>			
Membership		29,174,977	18,323,234
Examinations		96,543,039	68,289,774
Training		31,013,868	24,312,425
Publications		3,788,085	3,980,125
Seminars and conferences		404,750	7,922,983
Facilities and miscellaneous		3,808,851	1,900,298
Donations		-	900,000
		<b>164,733,570</b>	<b>125,628,839</b>
<b>Cash paid to:</b>			
Employees		61,887,195	45,253,291
Benevolent fund		(774,402)	1,064,343
Regional committees		(884,763)	193,402
Professional bodies		721,272	468,614
Suppliers and vendors		64,620,905	52,250,509
Donation		-	874,359
		<b>125,570,207</b>	<b>100,104,518</b>
		<b>39,163,363</b>	<b>25,524,321</b>
<b>Cash flows from investing activities:</b>			
Investments		(12,000,000)	5,000,000
Fixed capital expenditure		(36,707,934)	(18,036,012)
Proceeds from sale of fixed assets		1,481,053	1,091,218
Income received from investments		3,566,972	2,263,258
Increase in long term advances, loans and deposits		2,384,303	(5,909,179)
		<b>(41,275,606)</b>	<b>(15,590,715)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,112,243)</b>	<b>9,933,606</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>25,844,500</b>	<b>15,910,894</b>
<b>Cash and cash equivalents at the end of the year</b>	27	<b>23,732,257</b>	<b>25,844,500</b>

For comparison purpose, corresponding figures of seminars and conferences as well as suppliers and vendors have been reclassified appropriately.

The annexed notes form an integral part of these financial statements.

  
Executive Director

  
President

# Notes to the Accounts

for the year ended June 30, 2007

## 1. Nature and status

The Institute of Chartered Accountants of Pakistan is a statutory body established under the Chartered Accountants Ordinance, 1961 (X of 1961) for the regulation of the profession of accountants in the country. The Institute is an approved non-profit organization under clause 36 of section 2 of the Income Tax Ordinance, 2001.

## 2. Significant accounting policies

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as applicable in Pakistan and the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-laws, 1983.

### 2.2 Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention except for certain investments classified as held to maturity and carried at amortized cost as per accounting policy 2.6.

### 2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, except leasehold and freehold land which are stated at cost.

Depreciation is charged on reducing balance method at the rates specified in note 3.2.

Depreciation on additions is charged from the day on which the asset is put to use and on disposals, up to the day the asset has been in use.

Normal repairs and maintenance expenses are charged to revenue.

Gains or losses on disposal of property, plant and equipment are included in income.

### 2.4 Intangible asset

This represents cost of computer software less amortization at the rate of 33% per annum using the reducing balance method.

### 2.5 Interest free education loan (IFEL)

General provision is made for doubtful students loans at the rate of 10% of total students loans outstanding as at the balance sheet date.

### 2.6 Investments

Investments are classified as held to maturity, which are securities with a fixed maturity that the Institute has the intent and ability to hold until maturity.

All investments are initially recorded at cost. Held to maturity investments are subsequently carried at amortized cost using the effective interest rate method.

# Notes to the Accounts

for the year ended June 30, 2007

## 2.7 Stock of publications

Stock of publications held for sale are stated at lower of cost and net realizable value. Cost is determined on first-in first-out basis. However, cost of certain specified Institute's publications are charged to revenue.

Net realizable value represents estimated selling price less expenses incidental to make the sale.

## 2.8 Revenue recognition

Income from subscription and fees from members, students and coaching institutions is accounted for on receipt basis with the exception that subscription from members and examination fees from students received for the next year is treated as advance fee and recognized as income in the year it pertains.

Profit on investments is accrued on the basis of effective yield of respective investments.

## 2.9 Staff retirement benefits

### i) Defined benefit plan

The Institute operates a funded gratuity scheme in respect of all its eligible employees. Provision is made annually, to cover obligations under the scheme, by way of charge to income and expenditure account, calculated in accordance with the actuarial valuation. The most recent valuation in this regard was carried out as at June 30, 2006, using the Projected Unit Credit Method.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses, if any.

### ii) Defined contribution plan

The Institute operates an approved contributory provident fund for all eligible employees. In addition, there exists a Benevolent and Group Insurance Scheme for eligible employees. Contributions thereto are charged to income and expenditure account.

## 2.10 Foreign currencies translation

Transactions denominated in foreign currencies are recorded, on initial recognition, in rupees by applying to the foreign currency amount the exchange rate between the rupee and the foreign currency at the date of transaction.

Outstanding foreign currency monetary items at the balance sheet date are recorded at the closing exchange rate.

## 2.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Institute becomes a party to contractual provision of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income and expenditure account.

# Notes to the Accounts

for the year ended June 30, 2007

## 2.12 Provisions

Provisions are recognized in the balance sheet when the Institute has a legal or constructive obligation as a result of past events and it is probable that out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

## 2.13 Impairment loss

The carrying amount of the Institute's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Impairment losses, if any, are recognized as expense in the income and expenditure account.

## 2.14 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks and short term investments realizable within three months.

	Note	2007 Rupees	2006 Rupees
<b>3</b>	<b>Property, plant and equipment</b>		
Leasehold land - Preedy Street Karachi	3.1	18,233	18,233
Operating assets	3.2	112,693,366	102,914,103
		<b>112,711,599</b>	<b>102,932,336</b>

### 3.1 Leasehold land - Preedy Street Karachi:

This represents 2,400 sq. yards of land, occupied by squatters.

# Notes to the Accounts

for the year ended June 30, 2007

## 3.2 Operating assets

Particulars	Cost			Rate %	Depreciation		Written down value as at June 30, 2007
	As at July 1, 2006	Additions	Deletions		As at June 30, 2007	For the year June 30, 2007	
<b>TANGIBLE</b>							
<b>Land and building</b>							
Leasehold land	1,601,450	-	-		-	-	1,601,450
Freehold land	4,581,500	-	-		-	-	4,581,500
Buildings on leasehold land	69,220,978	128,000	-	5	2,706,056	17,880,249	51,468,729
Building on freehold land	11,092,663	-	-	5	350,655	4,430,222	6,662,441
	86,496,591	128,000	-		3,056,711	22,310,471	64,314,120
<b>Plant and machinery</b>							
Air conditioning plant	962,766	-	-	15	30,382	790,602	172,164
Generators	3,741,354	1,323,500	-	15	518,036	1,491,577	3,573,277
Electric fittings, air conditioners and appliances	12,554,816	2,722,391	-	15	1,402,009	5,389,818	9,887,389
	17,258,936	4,045,891	-		1,950,427	7,671,997	13,632,830
<b>Furniture and fixtures</b>	13,287,121	2,144,668	-	10-20	946,615	6,424,355	9,007,434
<b>Vehicles</b>	11,072,225	9,649,170	(1,716,500)	20	3,128,501	(286,703)	4,839,429
<b>Office equipment</b>	15,291,897	6,758,644	(198,800)	15-33	2,393,145	(156,886)	10,278,225
<b>Total Rupees - 2007</b>	<b>143,406,770</b>	<b>22,726,373</b>	<b>(1,915,300)</b>		<b>11,475,399</b>	<b>(443,589)</b>	<b>112,693,366</b>
<b>Total Rupees - 2006</b>	<b>124,910,480</b>	<b>20,221,290</b>	<b>(1,725,000)</b>		<b>8,824,706</b>	<b>(650,818)</b>	<b>102,914,103</b>

Depreciation charge for the year has been allocated as under:

	Note	Depreciation	
		2007 Rupees	2006 Rupees
Examinations	20	7,114,747	5,206,577
Training	21	2,065,572	1,853,188
Publications	22	573,770	529,482
Administrative expenses	24	1,721,310	1,235,459
		<b>11,475,399</b>	<b>8,824,706</b>

# Notes to the Accounts

for the year ended June 30, 2007

## 3.3 Statement of disposal of operating assets

Particulars	Cost	Accumulated Depreciation	Written down Value	Sales Proceeds/ Disposal	Gain/(Loss)	Mode	Particular of Purchaser
<b>Vehicles</b>							
Honda City	886,000	21,847	864,153	880,000	15,847		Insurance claim received
Honda City	830,500	264,856	565,644	565,644	-	Sale	Mr. M. Akhtar Ex. Regional Director (North)
	1,716,500	286,703	1,429,797	1,445,644	15,847		
<b>Computers</b>							
Laptop	124,000	92,591	31,409	31,409	-	Sale	Mr. M. Akhtar Ex. Regional Director (North)
Desktop	74,800	64,295	10,505	4,000	(6,505)	Trade In	N. K. Computers
	198,800	156,886	41,914	35,409	(6,505)		
<b>Total</b>	<b>1,915,300</b>	<b>443,589</b>	<b>1,471,711</b>	<b>1,481,053</b>	<b>9,342</b>		

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>4 Capital work-in-progress</b>			
Balance as on July 1		-	2,272,701
Cost incurred during the year	4.1	13,981,561	4,277,999
		13,981,561	6,550,700
Less: Transferred to operating assets		-	(6,550,700)
		13,981,561	-
<b>4.1</b>	This represents payments in respect of civil, electrical and furnishing work being carried out at Karachi, Lahore and Islamabad offices of the Institute.		
<b>5 Intangible assets</b>			
Computer software			
Cost as on July 1		1,459,495	1,372,072
Addition during the year		-	87,423
Cost as on June 30		1,459,495	1,459,495
Less : Amortization as on July 1		(1,125,941)	(983,179)
Amortized during the year	5.1	(110,073)	(142,762)
Amortization as on June 30		(1,236,014)	(1,125,941)
		223,481	333,554
<b>5.1 Amortization charge for the year has been allocated as under:</b>			
Examinations	20	68,245	84,230
Training	21	19,813	29,980
Publications	22	5,504	8,566
Administrative expenses	24	16,511	19,986
		110,073	142,762
<b>6 Investments - held to maturity</b>			
Defence Saving Certificates		14,937,532	12,655,195
Less: Current portion of investments transferred to current assets		(8,399,627)	-
		6,537,905	12,655,195

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>7 Advances, loans and deposits</b>			
Advances - Booking of cars		-	4,785,000
Vehicle loans (secured - considered good)	7.1	547,668	573,475
Less: Recoverable within one year		(189,972)	(168,176)
		357,696	405,299
Students loans (unsecured - considered good)	7.2	7,613,225	5,277,925
Less : General provision for doubtful loans		(815,945)	(550,785)
		6,797,280	4,727,140
		7,154,976	5,132,439
Deposits		684,866	571,866
		<b>7,839,842</b>	<b>10,489,305</b>

7.1 These are interest free motor cycle loans to employees recoverable within 2 to 5 years. Motor cycles provided under this scheme are registered in the joint names of the Institute and employees.

7.2 These are Interest Free Education Loans (IFEL) to students recoverable on qualifying or securing employment.

## 8 Assets relating to specific funds

Prize fund			
Defence Saving Certificates - Held to maturity		1,633,353	1,548,655
Accrued profit on PLS accounts		3,398	-
Balance with bank (PLS accounts)		681,373	703,988
		2,318,124	2,252,643
Qarz-e-hasna fund			
Loans to students		195,320	207,320
Balance with bank		611,606	599,780
		806,926	807,100
IFEL fund			
Loans to students		546,225	229,925
Balance with bank		38,700	355,000
		584,925	584,925
		<b>3,709,975</b>	<b>3,644,668</b>

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>9. Short term investments</b>	9.1	<b>32,000,000</b>	25,800,000
9.1	This amount represents face value of investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates ranging between 8.5% and 11% (2006: 9.75% and 11%) per annum.		
<b>10. Loans, advances, prepayments, and other receivables</b>			
Current portion of vehicle loans	7	<b>189,972</b>	168,176
Advances (considered good)			
<b>Secured</b>			
Staff	10.1	<b>236,014</b>	249,999
<b>Unsecured</b>			
Others		<b>1,823,667</b>	1,505,836
		<b>2,059,681</b>	1,755,835
Prepayments		<b>503,664</b>	265,234
Other receivables (considered good)			
Accrued profit on short term investments		<b>1,116,803</b>	833,261
Advertisement revenue receivable		<b>342,710</b>	252,018
Accrued revenue CIMA		-	441,533
Receivable on account of seminars / conferences		<b>130,250</b>	535,000
Receivable from ICAP Employees provident fund		-	58,092
Receivable on account of revenue from facilities		<b>205,700</b>	23,200
Others		<b>862,797</b>	696,350
		<b>2,658,260</b>	2,839,454
		<b>5,411,577</b>	5,028,699

10.1 Staff advances are secured against the employees provident fund balances.

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>11 Cash and bank balances</b>			
Cash in hand		162,768	97,850
Cash at bank			
Current accounts		4,414,002	3,186,565
PLS accounts		9,155,487	6,760,085
		13,569,489	9,946,650
		<b>13,732,257</b>	<b>10,044,500</b>
<b>12 Creditors, accrued and other liabilities</b>			
Creditors		3,440,411	1,887,387
Accrued expenses			
Examination conducting charges		3,104,215	1,933,664
Bonus to employees		847,429	725,039
Provision for property tax	12.1	2,401,975	1,981,975
Legal expenses		-	776,250
Architect fee		184,964	184,964
Others		503,414	728,150
		7,041,997	6,330,042
Advance fees and charges			
Members		11,474,552	7,766,280
Examination		3,680,870	2,143,900
Training		1,200,000	-
Others		149,600	-
		16,505,022	9,910,180
Retention money		1,849,877	1,530,388
Other liabilities			
Students' association		56,650	156,650
Regional committees			
South		409,916	140,003
North		801,250	186,400
		1,211,166	326,403
IASC Foundation royalty payable		552,362	315,462
Defined benefit plan - Gratuity fund	12.2	5,583,647	3,865,962
Others		482,080	335,370
		7,885,905	4,999,847
		<b>36,723,212</b>	<b>24,657,844</b>

12.1 This represents a provision for property tax of Karachi building amounting to Rs. 2.402 million as estimated by the management. (2006 : Rs 1.982 million).

12.2 This represents amount payable towards defined benefit plan (gratuity fund), computed on the basis of actuarial valuations. The amount has been transferred to the fund on recognition by the concerned authority subsequent to the balance sheet date.

# Notes to the Accounts

for the year ended June 30, 2007

	2007 Rupees	2006 Rupees
<b>a) The amount recognized in the balance sheet is as follows:</b>		
Present value of defined benefit obligation	5,583,647	3,865,962
<b>b) Movement in net liability recongized in the balance sheet is as follows:</b>		
Opening balance	3,865,962	-
Charge for the year	1,727,685	3,865,962
Payment during the year	(10,000)	-
Closing balance	5,583,647	3,865,962
<b>c) Amount recognized in the income and expenditure account is as follows:</b>		
Current service cost	1,341,089	-
Interest cost	386,596	-
Past service cost - vested	-	3,865,962
	1,727,685	3,865,962
<b>Actuarial assumptions for valuation:</b>		
- Discount rate	10%	10%
- Salary increase rate	10%	10%
<b>13 Benevolent fund</b>		
Balance as on July 1	319,498	1,383,841
Subscription and group insurance premium received during the year	3,412,827	2,788,421
	3,732,325	4,172,262
Transferred to benevolent fund / adjustments made during the year	2,638,425	3,852,764
	1,093,900	319,498
<b>14 Contingencies and commitments</b>		
<b>14.1</b> A demand for property tax amounting to Rs. 5.1 million was raised by the Cantonment Board for the Institute's building at Karachi. The property tax is based on Annual Rental Value at commercial rates, whereas the management is of the view that the Institute is exempt from property tax, or if tax is applicable, significantly lower rate needs to be applied as the building is being used for non-profit purposes. Subsequent to balance sheet date, a bill has been raised by the Cantonment Board which also includes conservancy tax amounted to Rs. 1.6 million in addition to he property tax as mentioned above. Against the above demand, a sum of Rs. 2.402 million (refer note 12.1) has been provided in these accounts.		
<b>14.2</b> Capital commitments outstanding is amounted to Rs. 12 million (2006: Nil).		

# Notes to the Accounts

for the year ended June 30, 2007

	2007 Rupees	2006 Rupees
<b>15 General fund</b>		
Balance as on July 1	127,357,259	126,726,114
Transferred from Income and Expenditure Account	2,029,533	631,145
	<b>129,386,792</b>	<b>127,357,259</b>

<b>16 Building fund</b>		
Balance as on July 1	16,000,000	-
Transferred from Income and Expenditure Account	-	16,000,000
	<b>16,000,000</b>	<b>16,000,000</b>

	Qarz-e-hasna fund	Prize fund	IFEL fund	2007 Rupees	2006 Rupees
<b>17 Specific funds</b>					
Balance as on July 1	807,100	2,252,643	584,925	3,644,668	3,383,520
Add: Profit on investments		249,361		249,361	296,560
Donations	-	-	-	-	177,500
Contributions received		100,000		100,000	-
Gold medal expenditure	-	(283,280)	-	(283,280)	(133,450)
Payable to the Institute	-	-	-	-	(78,612)
Bank charges	(174)	(600)	-	(774)	(850)
	<b>806,926</b>	<b>2,318,124</b>	<b>584,925</b>	<b>3,709,975</b>	<b>3,644,668</b>

<b>18 Endowment funds</b>		
Students' endowment fund	15,000,000	-
Libraries development endowment fund	5,000,000	-
	<b>20,000,000</b>	<b>-</b>

**18.1** The institute has established Students' endowment and Libraries development endowment funds with initial outlay of Rs.30 million and Rs.10 million respectively. The above amounts represent 50% contribution by the Institute against this initial outlay.

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>19 Subscription and fees</b>			
Admission fees		426,200	390,400
Annual subscription		22,038,045	14,169,828
Allocated to publications	22	(2,704,227)	(1,849,870)
		19,333,818	12,319,958
Fees for certificates of practice		2,937,450	2,966,600
Fees for permission to train students		63,400	96,800
Fees for firm name with foreign affiliation		-	50,000
Penalties on members		1,610	3,000
		<b>22,762,478</b>	<b>15,826,758</b>
<b>20 Examinations</b>			
Revenue			
Examination		75,410,804	51,317,515
Annual registration		8,538,346	6,278,565
Examination conducting		1,035,021	758,687
Entrance test exemption		6,522,480	6,174,250
Entrance test		2,899,050	2,723,855
Others		158,835	84,550
		<b>94,564,536</b>	<b>67,337,422</b>
Expenses			
Salaries, allowances and other benefits		16,664,078	12,727,117
Employees health insurance		316,126	186,367
Traveling and related expenses		964,109	335,421
Postage and telephone		1,857,016	1,564,685
Printing and stationery		1,471,217	1,444,163
Utilities		3,066,315	2,231,534
Examination charges		20,475,312	15,435,049
Conveyance		76,654	150,994
Entrance test conducting charges		121,600	182,950
Advertisements		296,696	290,101
Cost of gold medals / award ceremony		287,016	181,229
Books and publications		100,214	26,493
Vehicles maintenance		546,819	168,934
Rent		408,000	111,000
Allocation of common service charges	29	6,245,428	5,385,649
Depreciation	3.2	7,114,747	5,206,577
Amortization	5.1	68,245	84,230
Others		664,155	241,994
		<b>60,743,747</b>	<b>45,954,487</b>
		<b>33,820,789</b>	<b>21,382,935</b>

For comparison purpose, corresponding figures of vehicle maintenance, rent and others have been reclassified appropriately.

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>21 Training</b>			
Revenue			
Registration fees		26,822,968	21,532,125
Allocated to publications:			
Cost of Pakistan Accountant and Newsletter provided to the students	22	(1,158,954)	(792,801)
		25,664,014	20,739,324
Registered Accounting Education Tutors' fees		2,990,900	2,780,300
		28,654,914	23,519,624
Expenses			
Salaries, allowances and other benefits		12,275,062	7,867,351
Employees health insurance		175,598	164,768
Traveling and related expenses		912,654	603,536
Postage and telephone		842,920	505,969
Printing and stationery		1,164,081	544,982
Utilities		890,220	794,275
Advertisements and exhibitions		1,880,840	1,123,591
Books and publications		435,013	53,840
Registered Accounting Education Tutor's appraisal cost		142,593	643,868
General provision for doubtful student loans		265,160	197,668
Rent		628,000	111,000
Allocation of common service charges	29	1,813,188	1,916,926
Depreciation	3.2	2,065,572	1,853,188
Amortization	5.1	19,813	29,980
Others		757,567	493,963
		24,268,281	16,904,905
		4,386,633	6,614,719

For comparison purpose, corresponding figures of rent and others have been reclassified appropriately.

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>22 Publications</b>			
Revenue			
Sale of publications		3,233,380	3,660,547
Advertisement - Pakistan Accountant		289,997	463,812
Allocation from :			
Subscription and fees - members	19	2,704,227	1,849,870
- trainee students	21	1,158,954	792,801
		<b>7,386,558</b>	<b>6,767,030</b>
Expenses			
Salaries, allowances and other benefits		527,048	412,897
Employees Health Insurance		14,797	9,577
Postage and telephone		1,458,772	805,271
Printing cost			
Pakistan Accountant		738,100	1,089,450
Newsletter		291,330	294,220
Royalty		408,710	366,044
Members' Information & Education Series		930,213	178,198
Other publications		2,771,159	2,509,384
		5,139,512	4,437,296
Utilities		247,283	226,936
Allocation of common service charges	29	503,664	547,693
Depreciation	3.2	573,770	529,482
Amortization	5.1	5,504	8,566
Others		46,937	46,500
		<b>8,517,287</b>	<b>7,024,218</b>
		<b>(1,130,729)</b>	<b>(257,188)</b>

For comparison purpose, corresponding figures of Members' Information & Education Series and other publications have been reclassified appropriately.

## 23 Seminars and conferences

CAPA Conference 2007		(451,800)	-
IFAC Conference - 2006			
Receipts		-	4,744,600
Expenses		-	(4,599,332)
			145,268
1st South Asian Accounting Summit 2006			
Receipts		-	3,614,500
Expenses		-	(3,387,093)
			227,407
Other seminars		(612,945)	(287,076)
		<b>(1,064,745)</b>	<b>85,599</b>

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>24 Administrative expenses</b>			
Salaries, allowances and other benefits		25,428,927	18,488,303
Employees health insurance		541,031	334,250
Traveling and related expenses		7,805,112	4,651,362
Postage and telephone		855,002	945,823
Fees to professional bodies		721,272	468,614
Printing and stationery		1,187,004	941,099
Legal and professional		920,600	782,466
Auditors' remuneration	24.1	100,000	100,000
Rates and taxes		603,948	584,518
Utilities		741,851	529,516
Annual general meeting		305,250	366,635
Books and publications		185,338	184,031
Conveyance		72,392	69,102
Entertainment		531,596	489,943
Bank charges		514,974	368,140
Insurance		570,075	541,339
Advertisements		593,333	356,798
Vehicles maintenance		1,178,857	621,098
Employees training expenses		136,302	45,600
Allocation of common service charges	29	1,315,282	1,046,579
Depreciation	3.2	1,721,310	1,235,459
Amortization	5.1	16,511	19,986
Donations	24.2	-	874,359
Others		618,870	408,518
		<b>46,664,837</b>	<b>34,453,538</b>
<b>24.1 Auditors' remuneration</b>			
Audit fees:			
M. Afzal Munif		50,000	50,000
Adnan Zaman		50,000	50,000
		<b>100,000</b>	<b>100,000</b>
<b>24.2 Donations</b>			
President's earth quake relief fund		-	2,138,000
Less: received from members, institutions and staff		-	(1,263,641)
		-	<b>874,359</b>

For comparison purpose, corresponding figures of employee training expenses and others have been reclassified appropriately.

# Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
<b>25 Other revenue</b>			
Profit on investments		6,132,851	4,614,526
Revenue from facilities		3,776,767	1,898,097
Exchange gain on foreign currency		984	2,201
Profit on sale of fixed assets	3.3	9,342	17,036
		<u>9,919,944</u>	<u>6,531,860</u>
<b>26 Donations</b>			
Donation received for library		-	900,000
<b>27 Cash and cash equivalents</b>			
Cash and cash equivalents consist of cash in hand, balances with banks and short term investments realizable within three months. Cash and cash equivalents included in the cash flow statement comprise of the following amounts:			
Cash and bank balances	11	13,732,257	10,044,500
Short term investments realizable within three months		10,000,000	15,800,000
		<u>23,732,257</u>	<u>25,844,500</u>



# Notes to the Accounts

for the year ended June 30, 2007

## 29 Allocation of common service charges

	2007				2006					
	Total Amount	Examinations 62%	Training 18%	Publications 5%	Administration 15%	Total Amount	Examinations 59%	Training 21%	Publications 6%	Administration 14%
Salaries, allowance and benefits (Accounts and general)	6,066,918	3,761,489	1,092,045	303,346	910,038	5,239,620	3,091,376	1,100,320	314,377	733,547
Travelling and related expenses	1,304,733	808,934	234,852	65,237	195,710	1,652,660	975,069	347,059	99,160	231,372
Postage & telephone	665,150	412,393	119,727	33,258	99,772	383,751	226,413	80,588	23,025	53,725
Printing and stationery	204,736	126,936	36,852	10,237	30,711	310,521	183,207	65,209	18,631	43,474
Utilities	4,945,669	3,066,315	890,220	247,283	741,851	3,782,261	2,231,534	794,275	226,936	529,516
Entertainment	180,924	112,173	32,566	9,046	27,139	139,444	82,272	29,283	8,367	19,522
Depreciation	11,475,399	7,114,747	2,065,572	573,770	1,721,310	8,824,706	5,206,577	1,853,188	529,482	1,235,459
Amortization	110,073	68,245	19,813	5,504	16,511	142,762	84,230	29,980	8,566	19,986
Repairs and maintenance	2,315,961	1,435,896	416,873	115,798	347,394	1,785,974	1,053,725	375,055	107,158	250,036
<b>TOTAL</b>	<b>27,269,563</b>	<b>16,907,128</b>	<b>4,908,520</b>	<b>1,363,479</b>	<b>4,090,436</b>	<b>22,261,699</b>	<b>13,134,403</b>	<b>4,674,957</b>	<b>1,335,702</b>	<b>3,116,637</b>
Less : Shown separately / merged with respective direct expenses and sundries	(195,710)	-	-	-	(195,710)	(231,372)	-	-	-	(231,372)
Travelling and related expenses	(665,150)	(412,393)	(119,727)	(33,258)	(99,772)	(383,751)	(226,413)	(80,588)	(23,025)	(53,725)
Postage and telephone	(4,945,669)	(3,066,315)	(890,220)	(247,283)	(741,851)	(3,782,261)	(2,231,534)	(794,275)	(226,936)	(529,516)
Utilities	(11,475,399)	(7,114,747)	(2,065,572)	(573,770)	(1,721,310)	(8,824,706)	(5,206,577)	(1,853,188)	(529,482)	(1,235,459)
Amortization	(110,073)	(68,245)	(19,813)	(5,504)	(16,511)	(142,762)	(84,230)	(29,980)	(8,566)	(19,986)
<b>Sub. Total</b>	<b>(17,392,001)</b>	<b>(10,661,700)</b>	<b>(3,095,332)</b>	<b>(659,815)</b>	<b>(2,775,154)</b>	<b>(13,364,852)</b>	<b>(7,748,754)</b>	<b>(2,758,031)</b>	<b>(788,009)</b>	<b>(2,070,058)</b>
<b>Allocated to common service charges</b>	<b>9,877,562</b>	<b>6,245,428</b>	<b>1,813,188</b>	<b>503,664</b>	<b>1,315,282</b>	<b>8,896,847</b>	<b>5,385,649</b>	<b>1,916,926</b>	<b>547,693</b>	<b>1,046,579</b>

Common expenses have been allocated to each department on the basis of revenue of the respective departments.

## 30 Number of employees

Total number of employees at the year end was 163 (2006: 137)

## 31 Pakistan Institute of Corporate Governance (PICG) of which the Institute is a member, is using its premises and utilities on no-charge basis.

## 31 Date of authorization for issue

The Council of the Institute authorized these financial statements for issue on September 11, 2007.

  
Executive Director

  
President

# Overall Income and Expenditure Account

for the year ended June 30, 2007

	2007 Rupees	2006 Rupees
Revenue		
Members fees	25,466,705	17,676,628
Examination	94,564,536	67,337,422
Training	29,813,868	24,312,425
Publications	3,523,377	4,124,359
Seminars and conferences	-	8,359,100
	<b>153,368,486</b>	121,809,934
Expenses		
Salaries, allowances and other benefits	60,962,033	44,735,288
Employees health insurance	1,047,552	694,962
Traveling and related expenses	10,790,898	7,011,607
Postage and telephone	5,013,710	3,821,748
Fees to international professional bodies	721,272	468,614
Printing and stationery	4,027,038	3,240,765
Legal and professional	962,100	782,466
Rates and taxes	625,948	584,518
Utilities	4,945,669	3,782,261
Auditor's remuneration	100,000	100,000
Annual general meeting	305,250	366,635
Books and publications	720,564	264,364
Conveyance	255,168	273,234
Entertainment	1,081,590	870,765
Bank charges	517,887	369,637
Insurance	786,595	541,339
Advertisements and exhibitions	2,770,869	1,770,491
Vehicles maintenance	1,895,634	1,030,438
Depreciation	11,475,399	8,824,706
Amortization	110,073	142,762
Examination charges	20,475,312	15,435,049
Cost of gold medals and award ceremony	287,016	181,229
Entrance test conducting charges	121,600	182,950
Registered accounting education tutor's appraisal cost	142,593	643,868
Employees training expenses	224,061	49,700
Publications-printing cost	5,139,512	4,437,296
Repairs and maintenance	2,315,961	1,785,974
General provision for doubtful students loans	265,160	197,668
Rent	1,036,000	222,000
Seminars and conferences	1,064,745	8,273,501
Donations	-	874,359
Sundry expenses	1,071,688	650,455
	<b>141,258,897</b>	112,610,649
Other revenue	12,109,589	9,199,285
Donation received	9,919,944	6,531,860
	-	900,000
Surplus	<b>22,029,533</b>	16,631,145
Appropriations		
Transferred to building fund	-	16,000,000
Transferred to endowment funds	20,000,000	-
	<b>20,000,000</b>	16,000,000
Balance carried to general fund	<b>2,029,533</b>	631,145

# Overall Income and Expenditure Account

for the year ended June 30, 2007

	2007 Rupees	2006 Rupees
Following staff retirement benefits are included in the salaries, allowances and other benefits:		
Defined benefit plan - Gratuity Fund	1,727,685	3,865,962
Defined contribution plan - Provident Fund	2,979,253	2,073,013
Defined contribution plan - Benevolent and Group Insurance Funds	352,472	285,070
	<u>5,059,410</u>	<u>6,224,045</u>

  
Executive Director

  
President