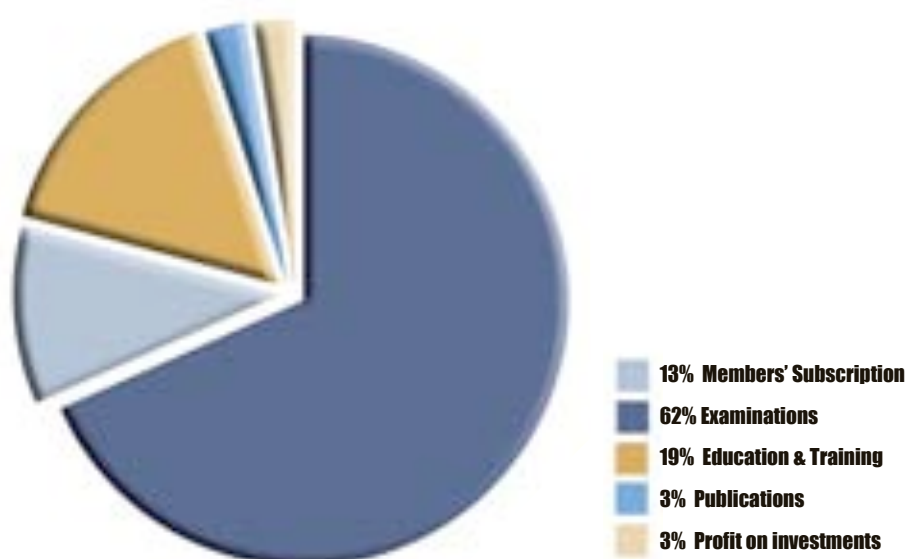


FINANCIAL STATEMENTS

Five Years Key Financial Highlights

	Rupees in million				
	2008	2007	2006	2005	2004
Gross Revenues					
Members' Subscription	25.66	22.04	14.16	10.62	9.99
Examinations	124.29	94.56	67.34	46.17	42.94
Education & Training (restated)	36.95	33.39	24.52	18.30	17.84
Publications	5.92	3.52	4.12	3.98	1.56
Profit on investments	6.04	6.13	4.61	3.06	2.40
Expenditures	192.45	141.26	112.61	82.86	66.67
Assets					
Property, plant and equipment	144.84	112.71	102.93	95.71	86.50
Investments	28.72	46.94	38.46	36.25	43.64
Funding					
General fund (restated)	151.63	135.96	127.56	127.19	125.72
Building fund	16.00	16.00	16.00	-	-
Specific funds	3.92	3.71	3.64	3.38	2.73
Endowment funds	25.78	20.00	-	-	-

Revenue Analysis - 2008



Muhammad Afzal Munif
Chartered Accountant
Business Executive Centre
F-17/3, Block-8 Clifton
Karachi

Adnan Zaman
Chartered Accountant
407, Progressive Plaza
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, 2008 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, except for the change as stated in note 2.7 with which we concur;
 - 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, 2008 and of the surplus and cash flows for the year then ended.



Muhammad Afzal Munif
Chartered Accountant



Adnan Zaman
Chartered Accountant

Karachi.
Date: September 10, 2008

Balance Sheet

As At June 30, 2008

	Note	2008 Rupees	(restated) 2007 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	3	144,843,107	112,711,599
Capital work-in-progress	4	4,192,184	13,981,561
Intangible assets	5	864,045	223,481
Investments	6	-	6,537,905
Advances, loans and deposits	7	9,514,352	7,839,842
Assets relating to specific funds	8	1,354,920	1,401,682
		<u>160,768,608</u>	<u>142,696,070</u>
CURRENT ASSETS			
Stock of publications and souvenirs		911,682	2,366,055
Current portion of investments	6	7,720,090	8,399,627
Short-term investments	9	21,000,000	32,000,000
Assets relating to specific funds	10	2,564,292	2,308,293
Assets relating to endowment funds	11	25,781,295	-
Loans, advances, prepayments and other receivables	12	13,560,851	11,983,077
Cash and bank balances	13	22,446,654	13,732,257
		<u>93,984,864</u>	<u>70,789,309</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	56,621,775	36,723,212
Payable to benevolent fund	15	798,195	1,093,900
		<u>57,419,970</u>	<u>37,817,112</u>
NET CURRENT ASSETS		36,564,894	32,972,197
CONTINGENCIES & COMMITMENTS			
	16	-	-
		<u>197,333,502</u>	<u>175,668,267</u>
FINANCED BY			
General fund	17	151,632,995	135,958,292
Building fund		16,000,000	16,000,000
Specific funds	18	3,919,212	3,709,975
Endowment funds	19	25,781,295	20,000,000
		<u>197,333,502</u>	<u>175,668,267</u>

The annexed notes 1 to 28 form an integral part of these financial statements.



Executive Director



President

Income And Expenditure Account

For The Year Ended June 30, 2008

	Note	2008 Rupees	(restated) 2007 Rupees
Revenue	20	202,421,582	160,726,837
Expenditure	21	<u>192,450,973</u>	<u>141,258,897</u>
Operating surplus		9,970,609	19,467,940
(Loss) / Gain on disposal of fixed assets		<u>(334,140)</u>	<u>9,342</u>
Surplus before finance income		9,636,469	19,477,282
Finance income	22	<u>6,038,234</u>	<u>6,132,851</u>
Surplus for the year		15,674,703	25,610,133
Appropriations			
Transfer to Endowment Funds		<u>-</u>	<u>20,000,000</u>
Balance carried forward to General Fund		<u>15,674,703</u>	<u>5,610,133</u>

The annexed notes 1 to 28 form an integral part of these financial statements.



Executive Director



President

Cash Flow Statement

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
Cash flows from operating activities			
Cash receipt from:			
Membership		34,713,510	29,174,977
Examinations		141,439,197	96,543,039
Education and training		38,374,900	31,013,868
Publications		6,116,359	3,788,085
Seminars and conferences		2,452,809	(659,995)
Facilities and miscellaneous		2,684,432	3,808,851
Donations for Students' Endowment Fund		4,145,800	-
		229,927,007	163,668,825
Cash paid to:			
Employees		78,031,551	61,887,195
Benevolent fund		295,705	(774,402)
Regional committees		484,083	(884,763)
Professional bodies		1,177,707	721,272
Property taxes		5,087,565	205,948
Suppliers and vendors		97,216,699	63,350,212
		182,293,310	124,505,462
		47,633,697	39,163,363
Cash flows from investing activities:			
Investments - ICAP		2,700,000	(12,000,000)
Investments Endowment Funds		(24,145,800)	-
Fixed capital expenditure		(37,212,787)	(36,707,934)
Proceeds from sale of fixed assets		797,814	1,481,053
Income received from investments		10,790,858	3,566,972
(Increase) / decrease in long term advances, loans and deposits		(1,849,385)	2,384,303
		(48,919,300)	(41,275,606)
Net (decrease) in cash and cash equivalents		(1,285,603)	(2,112,243)
Cash and cash equivalents at the beginning of the year		23,732,257	25,844,500
Cash and cash equivalents at the end of the year	23	22,446,654	23,732,257

For comparison purpose, corresponding figures of seminars & conferences, property tax and suppliers & vendors have been reclassified appropriately.

The annexed notes 1 to 28 form an integral part of these financial statements.



Executive Director



President

Notes to the Accounts

For The Year Ended June 30, 2008

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 sub section (36) of section 2 of the Income Tax Ordinance, 2001.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

a) 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.

b) Accounting convention

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 2.5.

c) Accounting standards not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned against the respective standard or interpretation.

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 1, 2009
IAS-23 (Revised) Borrowing Costs	January 1, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 1, 2009
IFRS 3 - Business Combinations	January 1, 2009
IFRS 7 - Financial Instruments: Disclosures	July 1, 2008
IFRS 8 - Operating Segments	January 1, 2009
IFRIC 12 - Service Concession Arrangements	January 1, 2009
IFRIC 13 - Customer Loyalty Programs	July 1, 2008
IFRIC 14 - The Limit on defined Benefit Asset, minimum funding requirements and their interactions	January 1, 2008

The Institute expects that the adoption of the above standards and interpretations will have no material impact on its financial statements in the period of initial application.

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of judgment in the process of applying the Institute's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions were exercised in application of accounting policies that are significant to the financial statements are as follows:

- (i) Estimate of liability in respect of staff retirement gratuity (note 14.1)
- (ii) Useful life of property, plant and equipment (note 3.2)

Notes to the Accounts

For The Year Ended June 30, 2008

2.2 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 assets 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 current revenue.

2.3 Intangible asset

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

2.4 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.

2.5 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.

2.6 Stock of publications

Stock of publications held for sale is 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.

2.7 Revenue recognition

Income from subscription and fees from members and students is accounted for on receipt basis.

Fee / Subscription receipts relating to periods beyond the current financial year are shown as Advance fee. The Institute has changed its accounting policy for recording revenue from Registered Accounting Education Tutors (RAETs) from receipt to accrual basis from current year. This change has been applied retrospectively and the comparative information has been restated in accordance with IAS 8 (Accounting policies, changes in accounting estimates and errors). Had there been no change in the accounting policy, the surplus at July 01, 2006 and July 01, 2007 would have been lowered by Rs.2,990,900 and Rs.6,571,500 respectively.

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

2.8 Staff retirement benefits

i) Defined benefit plan

The Institute operates a recognized 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, 2008, using the Projected Unit Credit Method.

Notes to the Accounts

For The Year Ended June 30, 2008

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 revenue and expenditure account.

2.9 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.

2.10 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.

2.11 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.

2.12 Impairment loss

The carrying amount of the Institute's assets is 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.

A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount.

2.13 Cash and cash equivalents

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.

		2008	2007
	Note	Rupees	Rupees
3. Property, plant and equipment			
Leasehold land - Preedy Street Karachi	3.1	18,233	18,233
Operating assets	3.2	144,824,874	112,693,366
		<u>144,843,107</u>	<u>112,711,599</u>

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, 2008

3.2 Operating assets Particulars	June 30, 2008						
	Cost		Rate %	Depreciation		Written down value as at June 30, 2008	
	As at July 1, 2007	Additions		Deletions	As at June 30, 2008		For the year
TANGIBLE							
Land and building							
Leasehold land	1,601,450	-	-	1,601,450	-	-	1,601,450
Freehold land	4,581,500	-	-	4,581,500	-	-	4,581,500
Buildings on leasehold land	69,348,978	12,570,104	-	81,919,082	5	2,787,415	61,251,418
Building on freehold land	11,092,663	4,417,039	-	15,509,702	5	437,206	10,642,274
	86,624,591	16,987,143	-	103,611,734		3,224,621	78,076,642
Plant and machinery							
Air conditioning plant	962,766	-	(480,000)	482,766	15	18,983	107,571
Generators	5,064,854	1,365,000	(325,000)	6,104,854	15	699,952	4,201,994
Electric fittings, air conditioners and appliances	15,277,207	12,976,046	(315,349)	27,937,904	15	2,097,793	20,726,812
	21,304,827	14,341,046	(1,120,349)	34,525,524		2,816,728	25,036,377
Furniture and fixtures	15,431,789	7,147,430	(1,911,763)	20,667,456	10-20	1,173,631	14,502,588
Vehicles	19,004,895	5,069,456	(520,225)	23,554,126	20	3,117,878	15,843,674
Office equipment	21,851,741	3,044,162	(3,482,816)	21,413,087	15-33	2,880,064	11,365,593
Total Rupees - 2008	164,217,843	46,589,237	(7,035,153)	203,771,927		13,212,922	144,824,874

Notes to the Accounts

For The Year Ended June 30, 2008

Particulars	June 30, 2007				Rate %	Depreciation			Written down value as at June 30, 2007	
	Cost		Deletion			As at July 1, 2006	For the year	Adjustments		As at June 30, 2007
	As at July 1, 2006	Additions	Deletions	As at June 30, 2007						
TANGIBLE										
Land and building										
Leasehold land	1,601,450	-	-	1,601,450		-	-	-	-	1,601,450
Freehold land	4,581,500	-	-	4,581,500		-	-	-	-	4,581,500
Buildings on leasehold land	69,220,978	128,000	-	69,348,978	5	15,174,193	2,706,056	-	17,880,249	51,468,729
Building on freehold land	11,092,663	-	-	11,092,663	5	4,079,567	350,655	-	4,430,222	6,662,441
	86,496,591	128,000	-	86,624,591		19,253,760	3,056,711	-	22,310,471	64,314,120
Plant and machinery										
Air conditioning plant	962,766	-	-	962,766	15	760,220	30,382	-	790,602	172,164
Generators	3,741,354	1,323,500	-	5,064,854	15	973,541	518,036	-	1,491,577	3,573,277
Electric fittings, air conditioners and appliances	12,554,816	2,722,391	-	15,277,207	15	3,987,809	1,402,009	-	5,389,818	9,887,389
	17,258,936	4,045,891	-	21,304,827		5,721,570	1,950,427	-	7,671,997	13,632,830
Furniture and fixtures	13,287,121	2,144,668	-	15,431,789	10-20	5,477,740	946,615	-	6,424,355	9,007,434
Vehicles	11,072,225	9,649,170	(1,716,500)	19,004,895	20	1,997,631	3,128,501	(286,703)	4,839,429	14,165,466
Office equipment	15,291,897	6,758,644	(198,800)	21,851,741	15-33	8,041,966	2,393,145	(156,886)	10,278,225	11,573,516
Total Rupees - 2007	143,406,770	22,726,373	(1,915,300)	164,217,843		40,492,667	11,475,399	(443,589)	51,524,477	112,693,366

Notes to the Accounts

For The Year Ended June 30, 2008

3.3 Statement of disposal of operating assets

Particulars	Cost	Accumulated Depreciation	Written down value	Sales		Gain / Loss	Mode	Particular of Purchaser	
				Disposal	proceeds/				
Motorcycle / cycle	24,225	23,669	556						
Air conditioning plant	480,000	434,390	45,610						
Generator	325,000	288,669	36,331						
Electric fittings, air conditioners and appliances	315,349	276,519	38,830						
Office equipment	1,925,562	1,604,261	321,301						
Computers	1,494,754	1,468,386	26,368						
Furniture and fixtures	1,398,140	1,045,622	352,518						
Carpet	145,825	132,549	13,276						
	6,108,855	5,274,065	834,790	475,000	(359,790)				
Laptop	62,500	38,150	24,350	50,000	25,650		Scrap sale	Ghazi Trading Corp.	
Car	496,000	223,186	272,814	272,814	-		Insurance Claim received	Premier Insurance Co.	
Auditorium Chairs	367,800	254,947	112,853 *	-	-		Sale as per Institute's policy	Ms. Maria Ahmed (Ex-employee)	
								Donation	Flame Islamabad (NGO)
TOTAL	7,035,155	5,790,348	1,244,807	322,814	25,650				(334,140)

* Rs. 112,853 charged to donation. See note 21.3

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
4. Capital work-in-progress			
Balance as on July 1		13,981,561	-
Cost incurred during the year	4.1	10,473,145	13,981,561
		<u>24,454,706</u>	<u>13,981,561</u>
Less: Transferred to operating assets		20,262,522	-
		<u>4,192,184</u>	<u>13,981,561</u>
4.1 This represents payments in respect of civil, electrical and furnishing work being carried out at Islamabad office of the Institute.			
5. Intangible assets			
Computer software			
Cost as on July 1		1,459,495	1,459,495
Additions during the year		747,066	-
Cost as on June 30		2,206,561	1,459,495
Less : Amortization as on July 1		(1,236,014)	(1,125,941)
Amortized during the year		(106,502)	(110,073)
Amortization as on June 30		(1,342,516)	(1,236,014)
		<u>864,045</u>	<u>223,481</u>
6. Investments - held to maturity			
Defence Saving Certificates		7,720,090	14,937,532
Less: Current portion of investments transferred to current assets		(7,720,090)	(8,399,627)
		<u>-</u>	<u>6,537,905</u>
7. Advances, loans and deposits			
Vehicle loans (secured - considered good)			
	7.1	358,700	547,668
Less: Recoverable within one year		(174,372)	(189,972)
		184,328	357,696
Students' loans (unsecured - considered good)			
	7.2	9,361,978	7,613,225
Less : General provision for doubtful loans		(990,820)	(815,945)
		8,371,158	6,797,280
		8,555,486	7,154,976
Deposits		958,866	684,866
		<u>9,514,352</u>	<u>7,839,842</u>

7.1 These are interest free motorcycle loans to employees recoverable within 2 to 5 years. Motorcycles 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.

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
8. Assets relating to specific funds			
Prize fund			
Defence Saving Certificates - Held to maturity		1,132,793	1,633,353
Less: Current portion of investments transferred to current assets		(519,418)	(973,216)
		<u>613,375</u>	<u>660,137</u>
Qarz-e-hasna fund			
Loans to students		195,320	195,320
IFEL fund			
Loans to students		546,225	546,225
		<u>1,354,920</u>	<u>1,401,682</u>
9. Short term investments	9.1	<u>21,000,000</u>	<u>32,000,000</u>
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 9.25% and 9.65% [2007: 8.5% and 11%] per annum.			
10. Assets relating to specific funds			
Prize fund			
Current portion of investments		519,418	973,216
Short term investments	10.1	1,300,000	-
Accrued profit on short term investments		88,250	3,398
Balance with bank (PLS accounts)		6,318	681,373
		<u>1,913,986</u>	<u>1,657,987</u>
Qarz-e-hasna fund			
Balance with bank		611,606	611,606
IFEL fund			
Balance with bank		38,700	38,700
		<u>2,564,292</u>	<u>2,308,293</u>
10.1 This amount represents face value of investment in Term Deposit Receipts with a bank, carrying effective interest rate of 9.85% [2007: Nil] per annum.			
11. Assets relating to endowment funds			
Students' Endowment Fund			
Short term investments	11.1	19,000,000	-
Receivable from ICAP		1,070,923	-
Accrued profit on short term investments		336,896	-
		<u>20,407,819</u>	<u>-</u>
Libraries Development Endowment Fund			
Short term investments	11.1	5,000,000	-
Receivable from ICAP		284,936	-
Accrued profit on short term investments		88,540	-
		<u>5,373,476</u>	<u>-</u>
		<u>25,781,295</u>	<u>-</u>
11.1 These amounts represent face value of investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates ranging between 9.00% and 9.65% [2007: Nil] per annum.			

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	(restated) 2007 Rupees
12. Loans, advances, prepayments, and other receivables			
Current portion of vehicle loans	7.1	174,372	189,972
Advances (considered good)			
Secured			
Staff	12.1	563,852	236,014
Unsecured			
Others		3,278,464	1,823,667
		3,842,316	2,059,681
Prepayments		563,630	503,664
Other receivables (considered good)			
Accrued profit on short term investments		351,983	1,116,803
Advertisement revenue receivable		330,835	342,710
Receivable on account of seminars / conferences		50,865	130,250
Receivable from RAETs	12.2	7,352,400	6,571,500
Receivable on account of revenue from facilities		240,200	205,700
Others		654,250	862,797
		8,980,533	9,229,760
		<u>13,560,851</u>	<u>11,983,077</u>

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

12.2 In 2006-07, the amount related to receivable from RAETs has been restated due to change in accounting policy as mentioned in note 2.7.

13. Cash and bank balances

Cash in hand		386,299	162,768
Cash at bank			
Current accounts		2,431,025	4,414,002
PLS accounts		19,629,330	9,155,487
		22,060,355	13,569,489
		<u>22,446,654</u>	<u>13,732,257</u>

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
14. Creditors, accrued and other liabilities			
Creditors		4,421,751	3,440,411
Accrued expenses			
Examination conducting charges		4,429,128	3,104,215
Bonus to employees		912,122	847,429
Provision for property tax		-	2,401,975
Architect fee		184,964	184,964
Others		462,215	503,414
		5,988,429	7,041,997
Advance fees and charges			
Members		16,177,904	11,474,552
Examinations		20,832,494	3,680,870
Education and training		1,840,000	1,200,000
Others		27,500	149,600
		38,877,898	16,505,022
Retention money		2,951,434	1,849,877
Other liabilities			
Students' association		66,700	56,650
Regional committees			
South		366,323	409,916
North		360,760	801,250
		727,083	1,211,166
IASC Foundation royalty payable		883,144	552,362
Defined benefit plan - Gratuity fund	14.1	-	5,583,647
Others		2,705,336	482,080
		4,382,263	7,885,905
		<u>56,621,775</u>	<u>36,723,212</u>
14.1 This represents amount payable towards defined benefit plan (gratuity fund), computed on the basis of actuarial valuations.			
a) The amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation		-	5,583,647
b) Movement in net liability recognized in the balance sheet is as follows:			
Opening balance		5,583,647	3,865,962
Charge for the year		3,146,056	1,727,685
Payment during the year		(8,729,703)	(10,000)
Closing balance		-	5,583,647
c) Amount recognized in the income and expenditure account is as follows:			
Current service cost		1,850,114	1,341,089
Interest cost		558,365	386,596
Expected return on plan assets		(558,365)	-
Actuarial losses recognized		1,295,942	-
		3,146,056	1,727,685
Actuarial assumptions for valuation:			
Discount rate		12%	10%
Salary increase rate		12%	10%

Notes to the Accounts

For The Year Ended June 30, 2008

	2008 Rupees	2007 Rupees
15. Benevolent fund		
Balance as on July 1	1,093,900	319,498
Subscription and group insurance premium received during the year	2,154,600	3,412,827
	<u>3,248,500</u>	<u>3,732,325</u>
Transferred to benevolent fund / adjustments made during the year	2,450,305	2,638,425
	<u>798,195</u>	<u>1,093,900</u>

16. Contingencies and commitments

16.1 Capital commitments outstanding amounted to Rs. 2 million [2007: Rs. 12 million].

16.2 Property tax relating to Institute's building at Karachi has been fully paid during the year, hence no contingent liability in this respect exists at Balance Sheet date.

17. General Fund

Balance as of July 1 (previously reported)	129,386,792	127,357,259
Change in accounting policy for the accrual of income from RAETs - restated (Note 2.7)	6,571,500	2,990,900
Balance as at July 1 (restated)	<u>135,958,292</u>	<u>130,348,159</u>
Transferred from Income and Expenditure Account	15,674,703	5,610,133
	<u>151,632,995</u>	<u>135,958,292</u>

18. Specific funds

	Qarz-e- hasna fund			Prize fund	IFEL fund		
Balance as on July 1	806,926	2,318,124	584,925			3,709,975	3,644,668
Add: Profit on investments	-	272,920	-			272,920	249,361
Contributions received	-	-	-			-	100,000
Gold medal expenditure	-	(86,358)	-			(86,358)	(283,280)
Payable to the Institute	-	22,725	-			22,725	-
Bank charges	-	(50)	-			(50)	(774)
	<u>806,926</u>	<u>2,527,361</u>	<u>584,925</u>			<u>3,919,212</u>	<u>3,709,975</u>

19. Endowment funds

	Students' Endowment	Libraries Development Endowment		
Balance as on July 1	15,000,000	5,000,000	20,000,000	20,000,000
Profit on investments	1,262,019	373,476	1,635,495	-
Donations received	4,145,800	-	4,145,800	-
	<u>20,407,819</u>	<u>5,373,476</u>	<u>25,781,295</u>	<u>20,000,000</u>

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
20. Revenue			
Members' fee	20.1	30,010,158	25,466,705
Examinations	20.2	124,287,573	94,564,536
Education and training	20.3	36,954,000	33,394,468
Publications	20.4	5,919,552	3,523,377
Seminars and conferences	20.5	2,565,867	-
Other revenue	20.6	2,684,432	3,777,751
		<u>202,421,582</u>	<u>160,726,837</u>
20.1 Members' fee			
Admission fee		398,800	426,200
Annual subscription		25,664,558	22,038,045
Fees for certificates of practice		3,795,400	2,937,450
Others		151,400	65,010
		<u>30,010,158</u>	<u>25,466,705</u>
For comparison purpose, corresponding figures of fees for permission to train students, fees for firm name with foreign affiliation, and penalties on members have been reclassified appropriately.			
20.2 Examinations			
Examination fee		102,589,660	75,410,804
Annual registration fee		9,820,081	8,538,346
Examination conducting		1,119,937	1,035,021
Entrance test exemption		7,250,770	6,522,480
Entrance test fee		3,280,600	2,899,050
Others		226,525	158,835
		<u>124,287,573</u>	<u>94,564,536</u>
20.3 Education and training			
Registration fees		28,849,800	26,822,968
Registered Accounting Education Tutors' fees	20.3.1	8,104,200	6,571,500
		<u>36,954,000</u>	<u>33,394,468</u>
20.3.1	In 2006-07, the amount related to RAETs has been restated due to change in accounting policy as mentioned in note 2.7		
20.4 Publications			
Accounting standards		4,506,450	2,043,550
Auditing standards		744,100	744,050
Others		669,002	735,777
		<u>5,919,552</u>	<u>3,523,377</u>
20.5 Seminars and conferences			
SAFA conference - 2008		5,131,734	-
Less: Share of ICMAP		(2,565,867)	-
		<u>2,565,867</u>	<u>-</u>
20.6 Other revenue			
Revenue from facilities		2,068,261	3,338,125
Exchange gain on foreign currency		152,973	984
Miscellaneous income		463,198	438,642
		<u>2,684,432</u>	<u>3,777,751</u>

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
21. Expenditure			
Salaries, allowances and other benefits	21.1	77,031,081	60,962,033
Employees health insurance		1,065,163	1,047,552
Traveling and related expenses		12,713,858	10,790,898
Postage and telephone		5,793,106	5,013,710
Fees to international professional bodies		1,177,707	721,272
Printing and stationery		4,766,578	4,027,038
Legal and professional		2,082,830	962,100
Consultancy charges		742,000	-
Rent, rates and taxes		6,830,565	1,661,948
Utilities		6,353,492	4,945,669
Auditor's remuneration	21.2	276,925	116,850
Annual general meeting		746,981	305,250
Books and publications		491,993	720,564
Student exchange program		248,302	381,931
Conveyance		292,653	255,168
Entertainment		1,287,590	1,081,590
Bank charges		527,893	517,887
Insurance		773,149	786,595
Advertisements and exhibitions		2,769,203	2,388,938
Vehicles maintenance		2,379,496	1,895,634
Publication written off		236,503	-
Depreciation		13,212,922	11,475,399
Amortization		106,502	110,073
Examination charges		33,566,411	20,475,312
Cost of gold medals and award ceremony		302,885	287,016
Entrance test conducting charges		56,350	121,600
Registered accounting education tutor's appraisal cost		303,110	142,593
Employees training expenses		704,027	224,061
Publications-printing cost		7,864,012	5,184,512
Repairs and maintenance		3,924,903	2,315,961
General provision for doubtful students loans		174,875	265,160
Donations	21.3	112,853	-
Seminars and conferences	21.4	2,377,828	1,064,745
Sundry expenses		1,157,227	1,009,838
		<u>192,450,973</u>	<u>141,258,897</u>

For comparison purpose, corresponding figures of advertisements & exhibitions and student exchange program have been re-classified accordingly.

21.1 Following staff retirement benefits are included in the salaries, allowances and other benefits:

Defined benefit plan - Gratuity Fund	3,146,056	1,727,685
Defined contribution plan - Provident Fund	3,845,723	2,979,253
Defined contribution plan - Benevolent and Group Insurance Funds	405,230	352,472
	<u>7,397,009</u>	<u>5,059,410</u>

21.2 Auditors' remuneration

Audit fees:		
M. Afzal Munif	125,000	50,000
Adnan Zaman	125,000	50,000
Out of pocket	26,925	16,850
	<u>276,925</u>	<u>116,850</u>

21.3 Auditorium chairs of ICAP Islamabad office donated to M/s Flame, an Islamabad based NGO

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
21.4 Seminars and conferences			
SAFA conference - 2008		4,118,536	-
Less: share of ICMAP (50%)		(2,059,268)	-
		2,059,268	-
CAPA conference - 2007		8,158	451,800
Other seminars		310,402	612,945
		<u>2,377,828</u>	<u>1,064,745</u>
22. Finance income			
Profit on Defence Saving Certificates		1,707,558	2,282,337
Profit on Term Deposit Receipts		3,789,143	3,620,027
Profit on PLS Accounts		541,533	230,487
		<u>6,038,234</u>	<u>6,132,851</u>
23. Cash and cash equivalents			
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		22,446,654	13,732,257
Short term investments realizable within three months		-	10,000,000
		<u>22,446,654</u>	<u>23,732,257</u>

Notes to the Accounts

For The Year Ended June 30, 2008

24. Financial instruments and related disclosures

24.1 Financial assets and liabilities

	Rupees									
	Interest / mark-up bearing					Non-Interest / Non Mark-up bearing				
	Effective interest rate	Upto one month	Over one month to one year	Over one year	Sub Total	Upto one month	Over one month to one year	Over one year	Sub Total	Grand Total
Financial assets										
Advances, loans and deposits	-	-	-	-	-	-	-	9,514,352	9,514,352	9,514,352
Investments	18%	-	7,720,090	-	7,720,090	-	-	-	-	7,720,090
Assets relating to specific funds	1% - 18%	376,818	1,537,168	613,375	2,527,361	-	650,306	741,545	1,391,851	3,919,212
Short term investments	9.25% - 9.65%	-	21,000,000	-	21,000,000	-	-	-	-	21,000,000
Assets relating to endowment funds	9.00% - 9.65%	-	24,425,436	-	24,425,436	-	1,355,859	-	1,355,859	25,781,295
Loans, advances, prepayments and other receivables	-	-	-	-	-	7,494,173	5,503,049	-	12,997,222	12,997,222
Cash and bank balances	1% - 5%	19,629,330	-	-	19,629,330	2,817,324	-	-	2,817,324	22,446,654
		20,006,148	54,682,694	613,375	75,302,217	10,311,497	7,509,214	10,255,897	28,076,608	103,378,825
Financial liabilities										
Creditors, accrued and other liabilities	-	-	-	-	-	10,106,877	7,637,000	-	17,743,877	17,743,877
Benevolent fund	-	-	-	-	-	798,195	-	-	798,195	798,195
		-	-	-	-	10,905,072	7,637,000	-	18,542,072	18,542,072
Net financial assets/(liabilities) - 2008		20,006,148	54,682,694	613,375	75,302,217	(593,575)	(127,786)	10,255,897	9,534,536	84,836,753
Net financial assets/(liabilities) - 2007		14,997,001	36,216,100	7,198,042	58,411,143	(1,777,521)	(6,997,605)	8,581,387	(193,739)	58,217,404
24.2 Foreign currency risk										
Financial assets exposed to foreign exchange rate risk included in cash and bank balances amounted to Rs. 1,902,126/-										
24.3 Interest rate risk management										
Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments.										
As the Institute's financial instruments are invested in Federal Government securities and other fixed rate securities, with rated banks and financial institutions, the Institute does not believe it is exposed to interest rate risk.										
24.4 Risk management										
The Institute does not believe that it is exposed to major concentration of credit risk.										
24.5 Fair value of financial assets and liabilities										
The carrying value of financial assets and liabilities reflected in the financial statements approximate their fair values, except investments in Defence Saving Certificates that are carried at amortized cost using the effective yield method amounted to Rs. 7.7 million(2007: Rs.14.94 million) as against the fair value of Rs.6.4 million (2007 : Rs.12.60 million)										

Notes to the Accounts

For The Year Ended June 30, 2008

25. Change in presentation

This year, income and expenditure account has been presented on overall gross revenue and expenditure basis, hence comparative figures have also been presented on the same basis.

26. Number of employees

Total number of employees at the year end was 170 (2007: 163)

27. Movement between General and Endowment Funds

In the meeting held on August 25, 2008, the Council approved transfer of Rs.4 million from General Fund to Students' Endowment Fund.

28. Date of authorization for issue

The Council of the Institute authorized these financial statements for issue on August 25, 2008.



Executive Director



President