

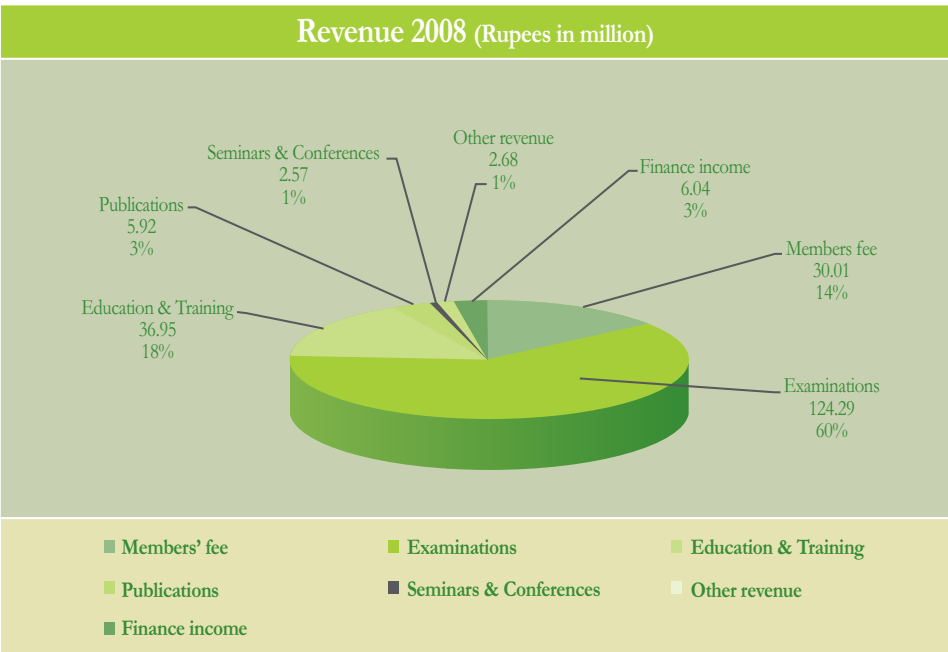
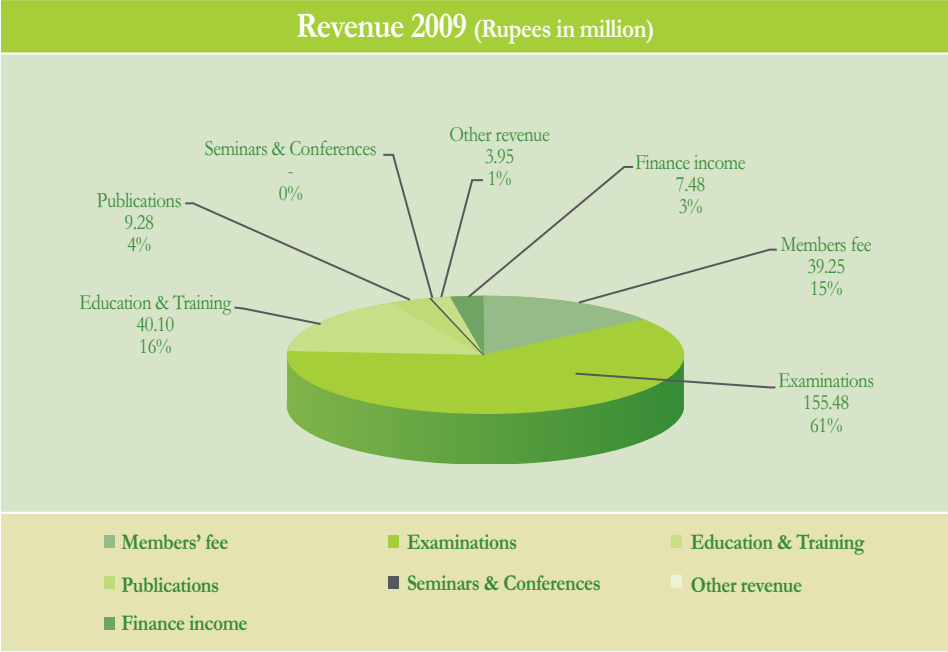
# Financial Statements



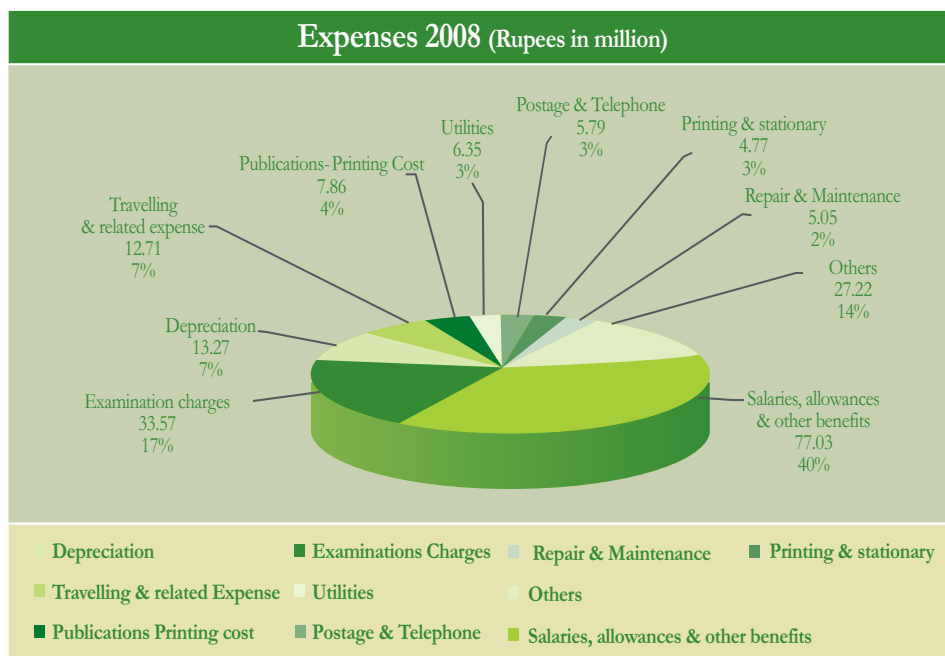
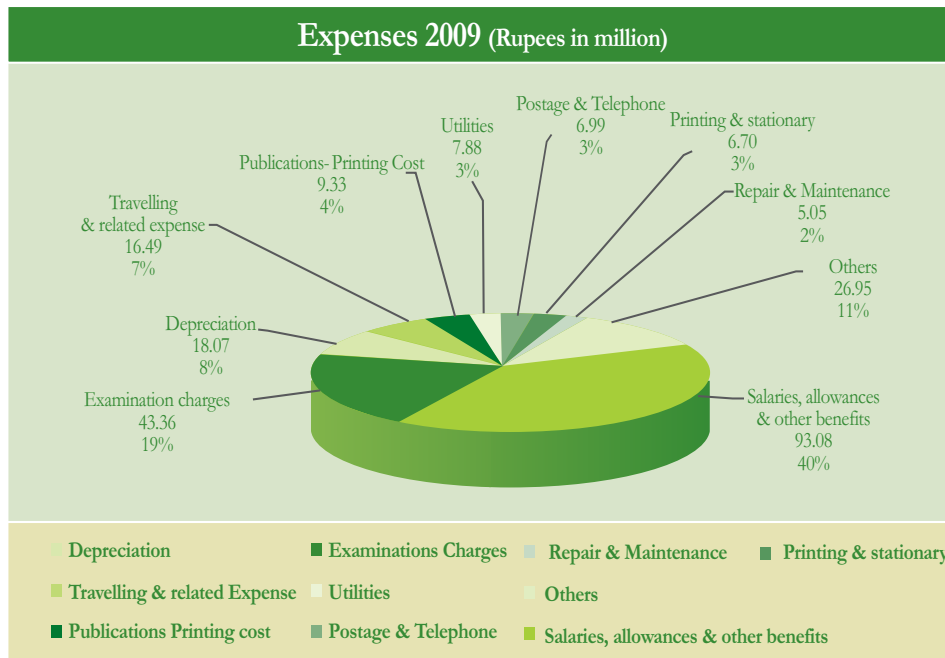
## Six Years Key Financial Highlights

	Rupees in million					
	2009	2008	2007	2006	2005	2004
<b>Income &amp; Expenditure</b>						
Revenue	255.5	208.5	166.9	121.0	84.1	82.2
Expenditure	234.6	192.8	141.3	104.3	82.9	66.7
Operating surplus	20.9	15.7	25.6	16.6	1.2	15.5
<b>Financial position</b>						
General fund	168.6	151.6	136.0	127.4	126.7	125.5
Building fund	16.0	16.0	16.0	16.0	-	-
Specific funds	4.2	3.9	3.7	3.6	3.4	2.7
Endowment funds	40.3	25.8	20.0	-	-	-
Property, plant and equipment	160.6	144.8	112.7	102.9	92.6	86.5
Long term assets	43.1	15.9	30.0	27.1	21.5	14.6
Current assets	87.9	94.0	70.8	41.9	35.6	43.8
Current liabilities	62.4	57.4	37.8	25.0	19.6	16.7
Net current assets	25.5	36.6	33.0	16.9	16.0	27.1
liquid funds(net)	10.7	22.4	13.7	10.0	5.4	5.6
<b>Cash flows</b>						
Operating activities	54.5	47.6	39.2	25.5	7.2	18.2
Investing activities	(59.3)	(48.9)	(41.3)	(15.6)	(31.0)	(10.0)
Changes in cash and cash equivalent	(4.8)	(1.3)	(2.1)	9.9	(23.8)	8.3
Cash & cash equivalent - Year end	17.7	22.4	23.7	25.8	15.9	39.7

# Revenue



# Expenses ■ ■ ■ ■



**Qasim E. Causer**  
**Chartered Accountant**  
2<sup>nd</sup> Floor, Block-C, Lakson Square Building No.1  
Sarwar Shaheed Road,  
Karachi - 74200

**Muhammad Afzal Munif**  
**Chartered Accountant**  
Business Executive Centre  
F/17/3, Block-8, Clifton  
Karachi - 75600

## 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, 2009 and the related income and expenditure account, cash flow statement and statement of changes in funds 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.

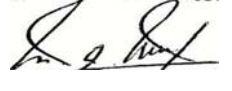
It is the responsibility of the Council of the Institute to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Chartered Accountants Ordinance, 1961 and Chartered Accountants 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 accounts 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, 2009 and of the surplus, its cash flows and changes in funds for the year then ended.

The financial statements for the year ended June 30, 2008 were audited by Mr. Muhammad Afzal Munif, Chartered Accountant and Mr. Adnan Zaman, Chartered Accountant, who had expressed an unqualified opinion vide their report dated September 10, 2008.

  
Qasim E. Causer  
Chartered Accountant

  
Muhammad Afzal Munif  
Chartered Accountant

Karachi.  
September 04, 2009

# Balance Sheet ■■■■

As At June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	160,631,708	144,843,107
Capital work-in-progress	4	-	4,192,184
Intangible assets	5	1,078,314	864,045
Investments	6	10,008,274	-
Advances, loans and deposits	7	10,130,233	9,514,352
Assets relating to specific funds	8	1,056,697	1,354,920
Assets relating to endowment funds	9	20,794,253	-
		<b>203,699,479</b>	<b>160,768,608</b>
<b>CURRENT ASSETS</b>			
Stock of publications and souvenirs		1,731,635	911,682
Current portion of investments		-	7,720,090
Short-term investments	10	44,000,000	21,000,000
Assets relating to specific funds	11	3,178,873	2,564,292
Assets relating to endowment funds	12	19,545,883	25,781,295
Loans, advances, prepayments and other receivables	13	8,737,456	13,560,851
Cash and bank balances	14	10,664,369	22,446,654
		<b>87,858,216</b>	<b>93,984,864</b>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	15	15,714,072	17,743,877
Advance fee and charges	16	44,458,122	38,877,898
Payable to benevolent fund	17	2,231,602	798,195
		<b>62,403,796</b>	<b>57,419,970</b>
<b>NET CURRENT ASSETS</b>			
		<b>25,454,420</b>	<b>36,564,894</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18	-	-
		<b>229,153,899</b>	<b>197,333,502</b>
<b>FINANCED BY:</b>			
General fund		168,578,193	151,632,995
Building fund		16,000,000	16,000,000
Specific funds		4,235,570	3,919,212
Endowment funds		40,340,136	25,781,295
		<b>229,153,899</b>	<b>197,333,502</b>

The annexed notes 1 to 27 form an integral part of these financial statements



Executive Director



President

# Income and Expenditure Account ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
Revenue	19	248,067,040	202,421,582
Expenditure	20	233,883,612	192,450,973
<b>Operating surplus</b>		<b>14,183,428</b>	<b>9,970,609</b>
Loss on sale of operating fixed assets		(715,531)	(334,140)
<b>Surplus before finance income</b>		<b>13,467,897</b>	<b>9,636,469</b>
Finance income	21	7,477,301	6,038,234
<b>Balance carried forward to General fund</b>		<b>20,945,198</b>	<b>15,674,703</b>

The annexed notes 1 to 27 form an integral part of these financial statements



Executive Director



President

# Cash Flow Statement

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>Cash flows from operating activities</b>			
<b>Cash receipts from:</b>			
Membership		39,314,915	34,713,510
Examination		161,891,970	141,439,197
Training		38,259,200	38,374,900
Publication		8,952,710	6,116,359
Seminars and conferences		-	2,452,809
Facilities and miscellaneous		3,785,749	2,684,432
Donations for Student Endowment Fund		11,541,750	4,145,800
		<b>263,746,294</b>	<b>229,927,007</b>
<b>Cash paid to:</b>			
Employees		94,096,523	78,031,551
Benevolent Fund		2,140,108	295,705
Regional committees		47,039	484,083
Professional bodies		1,739,184	1,177,707
Property tax		799,233	5,087,565
Suppliers and vendors		110,413,139	97,216,699
		<b>209,235,226</b>	<b>182,293,310</b>
		<b>54,511,068</b>	<b>47,633,697</b>
<b>Cash flows from investing activities</b>			
Investment ICAP - net		(22,800,000)	2,700,000
Investment Endowment Fund		(15,676,000)	(24,145,800)
Fixed capital expenditure		(33,374,501)	(37,212,787)
Proceed from sale of operating fixed assets		2,300,492	797,814
Income received from investment		10,878,932	10,790,858
(Increase) in long term loans and deposits		(622,276)	(1,849,385)
		<b>(59,293,353)</b>	<b>(48,919,300)</b>
Net (decrease) in cash and cash equivalents		<b>(4,782,285)</b>	<b>(1,285,603)</b>
Cash and cash equivalents at the beginning of the year		<b>22,446,654</b>	<b>23,732,257</b>
Cash and cash equivalents at the end of the year	22	<b>17,664,369</b>	<b>22,446,654</b>

The annexed notes 1 to 27 form an integral part of these financial statements



Executive Director



President

# Statement of Changes in Funds

For The Year Ended June 30, 2009

	General fund	Building fund	Specific funds				Endowment funds			Total
			Qarz e hasna fund	Prize fund	IFEL fund	Student's endowment fund	Libraries development fund			
	Rupees									
Balance as at July 01, 2007	135,958,292	16,000,000	806,926	2,318,124	584,925	15,000,000	5,000,000	175,668,267		
Bank charges	-	-	-	(50)	-	-	-	(50)		
Gold medal expenditure	-	-	-	(86,358)	-	-	-	(86,358)		
Payable / (paid) to Institute	-	-	-	22,725	-	-	-	22,725		
Profit earned on investments	-	-	-	272,920	-	1,262,019	373,476	1,908,415		
Donations received	-	-	-	-	-	4,145,800	-	4,145,800		
Transferred from income and expenditure account	15,674,703	-	-	-	-	-	-	15,674,703		
<b>Balance as at June 30, 2008</b>	<b>151,632,995</b>	<b>16,000,000</b>	<b>806,926</b>	<b>2,527,361</b>	<b>584,925</b>	<b>20,407,819</b>	<b>5,373,476</b>	<b>197,333,502</b>		
Bank charges	-	-	(55)	-	-	-	-	(55)		
Disbursements to students	-	-	-	-	-	(4,248,050)	-	(4,248,050)		
Books for libraries	-	-	-	-	-	-	(166,288)	(166,288)		
Payable / (paid) to Institute	-	-	-	(22,726)	-	35,373	-	12,647		
Profit earned on investments	-	-	-	339,139	-	2,763,267	632,789	3,735,195		
Donations received	-	-	-	-	-	11,541,750	-	11,541,750		
Transferred to student endowment fund	(4,000,000)	-	-	-	-	4,000,000	-	-		
Transferred from income and expenditure account	20,945,198	-	-	-	-	-	-	20,945,198		
<b>Balance as at June 30, 2009</b>	<b>168,578,193</b>	<b>16,000,000</b>	<b>806,871</b>	<b>2,843,774</b>	<b>584,925</b>	<b>34,500,159</b>	<b>5,839,977</b>	<b>229,153,899</b>		

The annexed notes 1 to 27 form an integral part of these financial statements.



Executive Director



President

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## 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 note 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	January 1, 2009
IAS 23 - Borrowing Costs	January 1, 2009
IAS 27 - Consolidated and Separate Financial Statement	July 1, 2009
IFRS 2 - Share Based Payments	January 1, 2009
IFRS 3 - Business Combinations	July 1, 2009
IFRS 8 - Operating Segments	January 1, 2009
IFRS 4 - Insurance Contracts	January 1, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	October 1, 2009

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 15.1)
- ii. Useful life of property, plant and equipment (note 3.2)

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## e) Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Institute and rounded off to the nearest rupee.

## 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 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 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 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.

## 2.7 Revenue recognition

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

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

Fee / subscription receipts relating to periods beyond the current financial year are shown as advance fee.

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, 2009, using the Projected Unit Credit Method. However for the purpose of current year disclosure requirements, information in respect of note 15.1 to the financial statements are as per the actuary's report obtained during the year.

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.

## 2.9 Creditors, accrued and other liabilities

Liabilities for creditor and other amounts payable are stated at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Institute.

## 2.10 Endowment Funds

The Institute has established Students' Endowment and Libraries Development Endowment Funds to provide financial assistance to the deserving students and for development of ICAP libraries respectively. These Funds are governed by the rules approved by the Council. The contributions to the funds include transfers by ICAP from its surplus as well as amounts received from other organizations.

## 2.11 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.

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## 2.12 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.

## 2.13 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.

## 2.14 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.

## 2.15 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.

## 3. Property, plant and equipment

	Note	2009 Rupees	2008 Rupees
Leasehold land - Preedy Street Karachi	3.1	18,233	18,233
Operating assets	3.2	160,613,475	144,824,874
		<u>160,631,708</u>	<u>144,843,107</u>

### 3.1 Leasehold land - Preedy Street Karachi

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

# Notes to the Financial Statements

For The Year Ended June 30, 2009

3.2 Operating assets	2009										
	C o s t					D e p r e c i a t i o n					
Particulars	As at 01-07-2008	Additions	Deletions	Transfers in/ (transfers out)	As at 30-06-2009	Rate %	As at 01-07-2008	For the year	Adjustments	As at 30-06-2009	Written down value as at 30-06-2009
<b>Owned</b>											
<b>Land and building</b>											
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	81,919,082	7,127,664	-	(198,068)	88,848,678	5	20,667,664	2,388,062	-	23,055,726	65,792,952
Building on freehold land	15,509,702	540,458	-	(528,650)	15,521,510	5	4,867,428	309,510	-	5,176,938	10,344,572
	103,611,734	7,668,122	-	(726,718)	110,553,138		25,535,092	2,697,572	-	28,232,664	82,320,474
<b>Plant and machinery</b>											
Air conditioning plant	482,766	-	(482,766)	-	-	15	375,195	13,790	(388,985)	-	-
Generators	6,104,854	31,420	(251,354)	-	5,884,920	15	1,902,860	628,506	(178,205)	2,353,161	3,531,759
Electric fittings, air											
Conditioners and appliances	27,937,904	8,153,642	(1,254,806)	656,853	35,493,593	15	7,211,092	4,548,265	(1,054,012)	10,705,345	24,788,248
	34,525,524	8,185,062	(1,988,926)	656,853	41,378,513		9,489,147	5,190,561	(1,621,202)	13,058,506	28,320,007
Furniture and fixtures	20,667,456	2,032,646	(1,731,070)	(3,757)	20,965,275	10-20	6,164,868	2,327,734	(1,146,638)	7,345,964	13,619,311
Vehicles	23,554,126	9,545,450	(4,072,000)	-	29,027,576	20	7,710,452	3,734,007	(2,265,738)	9,178,721	19,848,855
Office equipment	21,413,087	9,443,688	(1,816,622)	73,622	29,113,775	15-33	10,047,494	4,120,471	(1,559,018)	12,608,947	16,504,828
<b>Total rupees - 2009</b>	<b>203,771,927</b>	<b>36,874,968</b>	<b>(9,608,618)</b>	<b>-</b>	<b>231,038,277</b>		<b>58,947,053</b>	<b>18,070,345</b>	<b>(6,592,596)</b>	<b>70,424,802</b>	<b>160,613,475</b>

**3.2.1** During the year various items of property, plant and equipment have been reclassified and depreciation for the year includes charge amounting to Rs.308,387/- that relates to previous years.

# Notes to the Financial Statements

For The Year Ended June 30, 2009

2008

Particulars	C o s t			D e p r e c i a t i o n					Written down value as at 30-06-2008	
	As at 01-07-2007	Additions	Deletions	As at 30-06-2008	Rate %	For the year	Adjustments	As at 30-06-2008		
<b>Owned</b>										
<b>Land and building</b>										
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	-	-	20,667,664	61,251,418
Building on freehold land	11,092,663	4,417,039	-	15,509,702	5	437,206	-	-	4,867,428	10,642,274
	86,624,591	16,987,143	-	103,611,734		3,224,621	-	-	25,535,092	78,076,642
<b>Plant and machinery</b>										
Air conditioning plant	962,766	-	(480,000)	482,766	15	18,983	(434,390)	-	375,195	107,571
Generators	5,064,854	1,365,000	(325,000)	6,104,854	15	699,952	(288,665)	-	1,902,860	4,201,994
Electric fittings, air										
Conditioners and appliances	15,277,207	12,976,046	(315,349)	27,937,904	15	2,097,793	(276,519)	-	7,211,092	20,726,812
	21,304,827	14,341,046	(1,120,349)	34,525,524		2,816,728	(999,578)	-	9,489,147	25,036,377
Furniture and fixtures	15,431,789	7,147,430	(1,911,763)	20,667,456	10-20	1,173,631	(1,433,118)	-	6,164,868	14,502,588
Vehicles	19,004,895	5,069,456	(520,225)	23,554,126	20	3,117,878	(246,855)	-	7,710,452	15,843,674
Office equipment	21,851,741	3,044,162	(3,482,816)	21,413,087	15-33	2,880,064	(3,110,795)	-	10,047,494	11,365,593
<b>Total rupees - 2008</b>	<b>164,217,843</b>	<b>46,589,237</b>	<b>(7,035,153)</b>	<b>203,771,927</b>		<b>13,212,922</b>	<b>(5,790,346)</b>		<b>58,947,053</b>	<b>144,824,874</b>

# Notes to the Financial Statements

For The Year Ended June 30, 2009

## 3.3 Statement of disposal of operating assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds/ disposal	Gain / (loss)	Mode of Disposal	Particular of purchaser
Computers and related equipment	922,220	887,501	34,719	-	-		
Electrical fittings and air conditioners	1,737,572	1,457,138	280,434	-	-	Scrap sale	Ghazi Trading Corp. and Zeeqar Aluminum
Furniture and fixtures	1,731,070	1,147,472	583,598	-	-		
Generators	251,354	178,205	73,149	-	-		
Office equipment	825,402	612,185	213,217	-	-		
	5,467,618	4,282,501	1,185,117	450,299	(734,818)		
Laptop	69,000	43,287	25,713	45,000	19,287	Insurance Claim	Premier Insurance Co. Ltd.
Vehicles	4,072,000	2,266,808	1,805,192	1,805,192	-	Sale as per Institute's policy on written down value	Employees and ex-employee
<b>Total rupees</b>	<b>9,608,618</b>	<b>6,592,596</b>	<b>3,016,022</b>	<b>2,300,491</b>	<b>(715,531)</b>		

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>4. Capital work-in-progress</b>			
Balance as on July 1		4,192,184	13,981,561
Cost incurred during the year		479,304	10,473,145
		<u>4,671,488</u>	<u>24,454,706</u>
Less: Transferred to operating assets	4.1	(4,671,488)	20,262,522
		<u>-</u>	<u>4,192,184</u>
<b>4.1</b>	This represents payments in respect of civil, electrical and furnishing work. During the year, the balance amounting to Rs. 4.67 million (2008: Rs 20.26 million) has been transferred to operating fixed assets.		
<b>5. Intangible assets</b>			
Computer software			
Cost as on July 1		2,206,561	1,459,495
Additions during the year		691,717	747,066
Write-off during the year		(1,065,298)	-
Cost as on June 30		<u>1,832,980</u>	<u>2,206,561</u>
Less : Amortization as on July 1		(1,342,516)	(1,236,014)
Adjustment during the year		1,043,385	-
Amortized during the year		(455,535)	(106,502)
Amortization as on June 30		<u>(754,666)</u>	<u>(1,342,516)</u>
		<u>1,078,314</u>	<u>864,045</u>
<b>6. Investments</b>			
Held to maturity			
Defence Saving Certificates		-	7,720,090
Less: Current portion of investments transferred to current assets		-	(7,720,090)
		<u>-</u>	<u>-</u>
Special Saving Certificates	6.1	10,008,274	-
		<u>10,008,274</u>	<u>-</u>

**6.1** This represents investment in Special Saving Certificates having face value of Rs. 10 million (2008: Nil) for a term of 3 years. The investment carries profit at the rate of 15.10% per annum and is maturing on June 29, 2012.

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>7. Advances, loans and deposits</b>			
Vehicle loans (secured - considered good)	7.1	276,903	358,700
Less: Recoverable within one year shown under current assets		(98,053)	(174,372)
		178,850	184,328
Students' loans (unsecured - considered good)	7.2	9,209,942	9,361,978
Less : General provision for doubtful loans		(984,425)	(990,820)
		8,225,517	8,371,158
		8,404,367	8,555,486
Deposits		1,725,866	958,866
		<u>10,130,233</u>	<u>9,514,352</u>

**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. The scheme has been discontinued from January 22, 2008.

## **8 Assets relating to specific funds**

Prize fund			
Defence Saving Certificates - Held to maturity	8.1	886,591	1,132,793
Less: Current portion of investments transferred to current assets		(886,591)	(519,418)
		-	613,375
Special Saving Certificates - Held to maturity	8.2	327,152	-
		327,152	613,375
Qarz-e-hasna fund			
Loans to students		183,320	195,320
IFEL fund			
Loans to students		546,225	546,225
		<u>1,056,697</u>	<u>1,354,920</u>

**8.1** This represents investments in Defence Saving Certificates for a term of 10 years having face value of Rs. 210,000 (2008: Rs. 280,000). The investments carry effective profit of 15.983% per annum and are maturing upto December 2009.

**8.2** This represents investments in Special Saving Certificates for a term of 3 years having face value of Rs. 300,000 (2008: Nil). The investment carries profit at the rate of 17.388% per annum and is maturing in December, 2011.

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>9. Assets relating to endowment funds</b>			
Students' Endowment Fund			
Special Saving Certificates - Held to maturity	9.1	18,250,669	-
Libraries Development Fund			
Special Saving Certificates - Held to maturity	9.1	2,543,584	-
		<u>20,794,253</u>	<u>-</u>

**9.1** This represents investments in Special Saving Certificates for a term of 3 years having face value of Rs.18.158 million (2008: Nil). The investment carries profit at the rate of 15.10% per annum and are maturing in June, 2012.

## 10. Short term investments

This amount represents face value of investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates ranging between 12.90% to 14.00% (2008: 9.25% to 9.65% per annum).

## 11. Assets relating to specific funds

Prize fund			
Current portion of long term investments		886,591	519,418
Short term investments	11.1	1,400,000	1,300,000
Accrued profit on short term investments		138,342	88,250
Balance with bank - PLS account		91,689	6,318
		<u>2,516,622</u>	<u>1,913,986</u>
Qarz-e-hasna fund			
Receivables from Institute of Chartered Accountants of Pakistan		18,050	-
Balance with bank - current account		605,501	611,606
		623,551	611,606
IFEL fund			
Balance with bank - current account		38,700	38,700
		<u>3,178,873</u>	<u>2,564,292</u>

**11.1** This amount represents face value of investment in Term Deposit Receipts with a bank, carrying effective interest rate of 15.75 % per annum (2008: 9.85% per annum).

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>12. Assets relating to endowment funds</b>			
Students' Endowment Fund			
Short term investments	12.1	16,000,000	19,000,000
Receivables from Institute of Chartered Accountants of Pakistan		-	1,070,923
Accrued profit on short term investments		249,490	336,896
		<u>16,249,490</u>	<u>20,407,819</u>
Libraries Development Fund			
Short term investments	12.1	3,000,000	5,000,000
Receivables from Institute of Chartered Accountants of Pakistan		254,322	284,936
Accrued profit on short term investments		42,071	88,540
		<u>3,296,393</u>	<u>5,373,476</u>
		<u>19,545,883</u>	<u>25,781,295</u>
<b>12.1</b> These amounts represent face value of investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates ranging from 13.00% to 13.70% per annum (2008: 9.00% and 9.65% per annum).			
<b>13. Loans, advances, prepayments and other receivables</b>			
Loans:			
Current portion of vehicle loans	7.1	98,053	174,372
Advances (considered good)			
Secured			
Staff	13.1	717,639	563,852
Unsecured			
Income tax		350,429	29,385
Others		3,027,862	3,278,464
		<u>4,095,930</u>	<u>3,871,701</u>
Prepayments			
Other receivables (considered good)			
Accrued profit on short term investments		1,462,168	351,983
Advertisement revenue receivable		280,335	330,835
Accrued revenue Chartered Institute of Management Accountants		849,720	-
Receivable from South Asian Federation of Accountants		144,414	50,865
Receivable from Registered Accounting Education Tutors		44,000	7,352,400
Receivable on account of revenue from facilities		402,500	240,200
Others		368,827	624,865
		<u>3,551,964</u>	<u>8,951,148</u>
		<u>8,737,456</u>	<u>13,560,851</u>

**13.1** Staff advances are secured against the employees provident fund balances.

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>14 Cash and bank balances</b>			
Cash in hand		248,566	386,299
Cash at bank			
Current accounts		537,865	2,431,025
PLS accounts	14.1	9,877,938	19,629,330
		10,415,803	22,060,355
		10,664,369	22,446,654

14.1 The above PLS bank accounts carry profit at the rate of 5% per annum (2008: 1% to 5% per annum).

## 15. Creditors, accrued and other liabilities

Creditors		4,566,901	4,421,751
Accrued expenses			
Examination conducting charges		4,500,000	4,429,128
Bonus to employees		1,059,363	912,122
Architect fee		-	184,964
Others		991,723	462,215
		6,551,086	5,988,429
Retention money		1,905,613	2,951,434
Other liabilities			
Students' association		138,950	66,700
Regional committees			
South		397,944	366,323
North		282,100	360,760
		680,044	727,083
IASC Foundation royalty payable		408,340	883,144
Defined benefit plan - Gratuity fund	15.1	-	-
Others		1,463,138	2,705,336
		2,690,473	4,382,263
		15,714,072	17,743,877

# Notes to the Financial Statements

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>15.1</b>	This represents amount payable towards defined benefit plan (gratuity fund), estimated through actuarial valuation. The relevant information are as follows:		
<b>The amount recognized in the balance sheet is as follows:</b>			
Present value of defined benefit obligation		-	-
<b>Movement in net liability recognized in the balance sheet is as follows:</b>			
Opening balance		-	5,583,647
Charge for the year		2,888,006	3,146,056
Payment during the year		(2,888,006)	(8,729,703)
Closing balance		-	-
<b>Amount recognized in the income and expenditure account is as follows:</b>			
Current service cost		3,046,849	1,850,114
Interest cost		960,729	558,365
Expected return on plan assets		(960,729)	(558,365)
Actuarial (Gains) / losses recognized		(158,843)	1,295,942
		2,888,006	3,146,056
<b>Actuarial assumptions for valuation:</b>			
Discount rate		13%	12%
Salary increase rate		13%	12%
<b>16. Advance fee and charges</b>			
Members		16,239,912	16,177,904
Examinations		28,089,210	20,832,494
Education and training		-	1,840,000
Others		129,000	27,500
		44,458,122	38,877,898

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>17. Benevolent fund</b>			
Balance as on July 1		798,195	1,093,900
Add: Subscription and group insurance premium received during the year		<u>4,073,515</u>	<u>2,154,600</u>
		4,871,710	3,248,500
Less: Transferred to benevolent fund / adjustments made during the year		<u>2,640,108</u>	<u>2,450,305</u>
		<u><u>2,231,602</u></u>	<u><u>798,195</u></u>
<b>18. Contingencies and commitments</b>			
<b>18.1 Contingencies</b>			
<p>The Appellate Bench of the Competition Commission of Pakistan has passed an order dated March 11, 2009 in response to appeal filed by the Institute against an order dated December 4, 2008 of single member bench of the Commission. In both the orders it was contended that fixing of minimum fee through ATR-14 by the Institute is in violation of Section 4(1) of the Competition Ordinance, 2007 and imposed a penalty of Rs.1 million. The Institute has filed an appeal before the Honorable Supreme Court of Pakistan, which is pending for hearing and Honorable Supreme Court of Pakistan has in the meantime issued a stay order in this regard. Since the Council is confident that the outcome will be favourable, no accrual is made in the financial statements for the year ending June 30, 2009 relating to the penalty.</p>			
<b>18.2 Commitments</b>			
<p>Capital commitments outstanding amounted to nil (2008: Rs. 2 million).</p>			
<b>19. Revenue</b>			
Members' fee	19.1	39,252,907	30,010,158
Examinations	19.2	155,484,975	124,287,573
Education and training	19.3	40,099,200	36,954,000
Publications	19.4	9,275,514	5,919,552
Seminars and conferences	19.5	-	2,565,867
Other revenue	19.6	3,954,444	2,684,432
		<u>248,067,040</u>	<u>202,421,582</u>
<b>19.1 Members' fee</b>			
Admission fee		583,000	398,800
Annual subscription		34,104,607	25,664,558
Fees for certificates of practice		4,515,300	3,795,400
Others		50,000	151,400
		<u>39,252,907</u>	<u>30,010,158</u>

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>19.2 Examinations</b>			
Examination fee		127,730,166	102,589,660
Annual registration fee		14,250,297	9,820,081
Examination conducting		1,355,762	1,119,937
Entrance test exemption		7,884,350	7,250,770
Entrance test fee		3,894,900	3,280,600
Others		369,500	226,525
		155,484,975	124,287,573
<b>19.3 Education and training</b>			
Registration fee		38,419,200	28,763,800
Registered Accounting Education Tutors' fee		815,000	8,104,200
Others		865,000	86,000
		40,099,200	36,954,000
<b>19.4 Publications</b>			
Accounting standards		5,064,980	4,506,450
Auditing standards		1,271,800	849,600
Gripping IFRS		2,378,400	-
Others		560,334	563,502
		9,275,514	5,919,552
<b>19.5 Seminars and conferences</b>			
South Asian Federation of Accountants Conference		-	5,131,734
Less: Share of Institute of Cost and Management Accountants of Pakistan		-	(2,565,867)
		-	2,565,867
<b>19.6 Other revenue</b>			
Revenue from facilities		2,898,891	2,068,261
Exchange gain on foreign currency		354,960	152,973
Reversal of general provision for doubtful students loans		6,395	-
Miscellaneous income		694,198	463,198
		3,954,444	2,684,432

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>20. EXPENDITURE</b>			
Salaries, allowances and other benefits	20.1	93,081,504	77,031,081
Employees health insurance		1,162,260	1,065,163
Traveling and related expenses		16,489,596	12,713,858
Postage and telephone		6,992,957	5,793,106
Fees to professional bodies		1,739,184	1,177,707
Printing and stationery		6,696,163	4,766,578
Legal and professional		2,444,698	2,082,830
Consultancy charges		1,564,500	742,000
Rent, rates and taxes		3,315,493	6,830,565
Utilities		7,857,163	6,353,492
Election expense		2,255,999	-
Auditor's remuneration	20.2	292,632	276,925
Annual general meeting		649,098	746,981
Books and publications		305,881	491,993
Student exchange program		-	248,302
Conveyance		295,020	292,653
Entertainment		1,389,875	1,287,590
Bank charges		995,187	527,893
Insurance		841,714	773,149
Advertisements and exhibitions		2,535,187	2,769,203
Vehicles maintenance		3,529,679	2,379,496
Publication written off		75,978	236,503
Depreciation		18,066,947	13,212,922
Amortization of intangible assets		455,535	106,502
Intangible assets written off		21,913	-
Examination charges		43,362,220	33,566,411
Cost of gold medals and award ceremony		77,010	302,885
Entrance test conducting charges		58,800	56,350
Registered accounting education tutor's appraisal cost		148,411	303,110
Employees training expenses		628,059	704,027
Publications-printing cost		9,330,412	7,864,012
Repairs and maintenance		5,054,237	3,924,903
General provision for doubtful students loans		-	174,875
Seminar and conferences	20.3	164,698	2,377,828
Donations and contributions	20.4	500,000	112,853
Sundry expenses		1,505,602	1,157,227
		233,883,612	192,450,973

# Notes to the Financial Statements

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>20.1</b>	Following staff retirement benefits are included in the salaries, allowances and other benefits:		
	Defined benefit plan - Gratuity Fund	2,888,006	3,146,056
	Defined contribution plan - Provident Fund	4,859,518	3,845,723
	Defined contribution plan - Benevolent and Group Insurance Funds	440,466	405,230
		<u>8,187,990</u>	<u>7,397,009</u>
<b>20.2</b>	<b>Auditor's remuneration</b>		
	Audit fees		
	M. Afzal Muniff	125,000	125,000
	Qasim Ebrahim Causer	125,000	-
	Adnan Zaman	-	125,000
		<u>250,000</u>	<u>250,000</u>
	Out of pocket expenses	42,632	26,925
		<u>292,632</u>	<u>276,925</u>
<b>20.3</b>	<b>Seminars and conferences</b>		
	SAFA conference - 2008	-	4,118,536
	Less: share of ICMAP (50%)	-	(2,059,268)
		<u>-</u>	<u>2,059,268</u>
	CAPA conference - 2007	-	8,158
	Other seminars and workshops	164,698	310,402
		<u>164,698</u>	<u>2,377,828</u>
<b>20.4</b>	During the year an amount of Rs. 500,000 has been approved by the Council as special contribution to Institute of Chartered Accountants of Pakistan Benevolent Fund.		
<b>21.</b>	<b>Finance income</b>		
	Profit on Defence Saving Certificates	154,910	1,707,558
	Profit on Special Saving Certificates	8,274	-
	Profit on Term Deposit Receipts	6,370,553	3,789,143
	Profit on PLS accounts	943,564	541,533
		<u>7,477,301</u>	<u>6,038,234</u>
<b>22.</b>	<b>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	10,664,369	22,446,654
	Short term investments realizable within three months	7,000,000	-
		<u>17,664,369</u>	<u>22,446,654</u>

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## **23. Financial instruments and related disclosures**

### **23.1 Foreign currency risk**

Financial assets exposed to foreign exchange rate risk included in cash and bank balances amounted to Rs. 1.335 million (2008: Rs. 1.902 million).

### **23.2 Interest rate risk management**

Interest rate risk arises from the possibility that changes in interest rates will affect 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.

### **23.3 Risk management**

The Institute does not believe that it is exposed to major concentration of credit risk.

### **23.4 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 Special / Defence Saving Certificates that are carried at amortized cost using the effective yield method amounted to Rs.10.008 million (2008: Rs.7.7 million) as against the fair value of Rs.10.000 million (2008 : Rs.6.4 million).

# Notes to the Financial Statements

For The Year Ended June 30, 2009

2009

## 23.5 Financial assets and liabilities

	Interest / mark-up bearing				Sub Total	Non-Interest / Non Mark-up bearing				Grand Total
	Effective interest rate	Upto one month	Over one month to one year	Over one year		Upto one month	Over one month to one year	Over one year	Sub Total	
<b>Financial assets</b>										
Advances, loans and deposits	-	-	-	-	-	-	-	-	-	10,130,233
Investments	15.10%	-	10,008,274	10,008,274	10,008,274	-	-	-	-	10,008,274
Assets relating to specific funds	15.75% - 15.98%	267,689	2,266,983	327,152	2,861,824	-	644,201	729,545	1,373,746	4,235,570
Short term investments	12.9% - 14.00%	-	44,000,000	-	44,000,000	-	-	-	-	44,000,000
Assets relating to endowment funds	13% - 15%	-	19,291,561	20,794,253	40,085,814	-	254,322	-	254,322	40,340,136
Loans, advances, pre payments & other receivables	-	-	-	-	-	178,290	4,884,908	-	5,063,198	5,063,198
Cash and bank balances	5%	9,877,939	-	-	9,877,939	786,430	-	-	786,430	10,664,369
		10,145,628	65,558,544	31,129,679	106,833,851	964,720	5,783,431	10,859,778	17,607,929	124,441,780
<b>Financial liabilities</b>										
Creditors, accrued and other liabilities	-	-	-	-	-	10,877,618	4,836,454	-	15,714,072	15,714,072
Benevolent fund	-	-	-	-	-	2,231,602	-	-	2,231,602	2,231,602
		-	-	-	-	13,109,220	4,836,454	-	17,945,674	17,945,674
<b>Net financial assets / (liabilities) - 2009</b>		<b>10,145,628</b>	<b>65,558,544</b>	<b>31,129,679</b>	<b>106,833,851</b>	<b>(12,144,500)</b>	<b>946,977</b>	<b>10,859,778</b>	<b>(337,745)</b>	<b>106,496,106</b>

# Notes to the Financial Statements

For The Year Ended June 30, 2009

2008

## 23.5 Financial assets and liabilities

	Interest / mark-up bearing				Sub Total	Non-Interest / Non Mark-up bearing				Grand Total
	Effective interest rate	Upto one month	Over one month to one year	Over one year		Upto one month	Over one month to one year	Over one year	Sub Total	
<b>Financial assets</b>										
Advances, loans and deposits	-	-	-	-	-	-	-	-	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, pre payments & 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
<b>Financial liabilities</b>										
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
<b>Net financial assets/(liabilities) - 2008</b>		<b>20,006,148</b>	<b>54,682,694</b>	<b>613,375</b>	<b>75,302,217</b>	<b>(593,575)</b>	<b>(127,786)</b>	<b>10,255,897</b>	<b>9,534,536</b>	<b>84,836,753</b>

# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## 24. Number of employees

Total number of employees at the year end was 173 (2008: 170).

## 25. Movement between general and endowment funds

In the meeting held on August 15, 2009, the Council approved transfer amounting to Rs. 11 million (2008: Rs.4 million) from General Fund to Students' Endowment Fund.

## 26. Date of authorization for issue

The Council of the Institute authorized these financial statements for issue on August 15, 2009.

## 27. General and corresponding figures

Figures have been rounded off to the nearest rupee.

Comparative information has been re-arranged and re-classified, wherever necessary, for the purpose of comparison. Significant reclassification include the following:

### **Creditors, accrued and other liabilities:**

Rs. 38,877,898 has been reclassified from creditors accrued and other liabilities to advance fee and charges for the purposes of better presentation.



**Executive Director**



**President**