

Qasim E. Causer
Chartered Accountant
2nd 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

INDEPENDENT AUDITORS REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

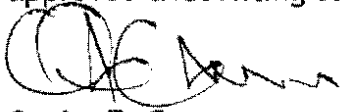
We have reviewed the accompanying condensed interim balance sheet of **THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN** ("Institute") as at December 31, 2010 and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in funds and notes to the accounts for the six-month period then ended (here-in-after referred as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the six months period ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.


9. Qasim E. Causer
Chartered Accountant


Muhammad Afzal Munif
Chartered Accountant

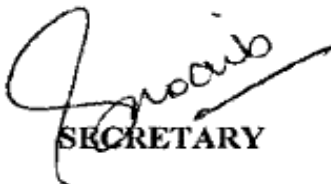
KARACHI

DATED: 27 JAN 2011

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2010**

	Note	December 31, 2010 (Un-audited) Rupees	June 30, 2010 (Audited) Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	153,246,853	160,258,022
Intangible assets		1,643,925	1,971,126
Long term investments	6	51,162,343	13,377,398
Loans and deposits		9,524,227	9,642,081
Assets relating to Specific Funds		1,791,196	2,506,858
Assets relating to Endowment Funds		47,484,548	44,661,650
		<u>264,853,092</u>	<u>232,417,135</u>
CURRENT ASSETS			
Stock of publications and souvenirs		3,716,904	3,073,220
Short term investments	7	72,201,290	55,482,468
Assets relating to Specific Funds		1,259,691	1,787,506
Assets relating to Endowment Funds		11,029,901	10,882,081
Loans, advances, prepayments and other receivables		13,152,800	10,232,881
Cash and bank balances		15,284,945	13,128,777
		116,645,531	94,586,933
CURRENT LIABILITIES			
Creditors, accrued and other liabilities		20,058,946	21,065,808
Fee and charges received in advance		11,276,314	25,474,120
Due to Benevolent Fund		382,059	1,721,319
		31,717,319	48,261,247
NET CURRENT ASSETS		84,928,212	46,325,686
CONTINGENCIES AND COMMITMENTS	8	<u>349,781,304</u>	<u>278,742,821</u>
FINANCED BY:			
General Fund		272,215,968	202,904,726
Building Fund		16,000,000	16,000,000
Specific Funds		3,050,887	4,294,364
Endowment Funds		58,514,449	55,543,731
		<u>349,781,304</u>	<u>278,742,821</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

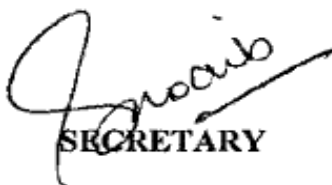

SECRETARY


PRESIDENT

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Note	Half year ended	
		December 31, 2010	December 31, 2009
		Rupees	Rupees
INCOME			
Members' subscription		52,364,916	41,106,786
Examination and other fee		106,236,341	98,024,836
Education and training related fee		28,557,250	29,894,410
Publications		4,972,707	3,705,717
Gain on sale of operating fixed assets		1,184,833	-
Other operating income		1,547,445	2,093,835
		194,863,492	174,825,584
EXPENDITURE			
Salaries, allowances and other benefits	9	54,015,050	54,469,944
Examination charges		26,136,082	23,541,405
Depreciation		8,975,199	9,043,483
Traveling and related expenses		8,210,728	6,735,676
Publications		5,573,379	3,805,078
Utilities		5,782,382	4,727,113
Postage and telephone		3,857,764	3,323,316
Repairs and maintenance		3,874,765	2,063,846
Printing and stationery		2,103,076	1,817,985
Rent, rates and taxes		2,226,279	1,843,778
Advertisements and exhibition		1,278,086	593,868
Others	10	10,081,435	8,960,686
		132,114,225	120,926,178
Excess of income over expenditure before finance income		62,749,267	53,899,406
Finance income		6,561,975	4,713,239
Excess of income over expenditure for the period		69,311,242	58,612,645
Other comprehensive income		-	-
Total comprehensive income for the period transferred to General Fund		69,311,242	58,612,645

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.

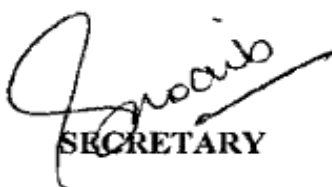

SECRETARY


PRESIDENT

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS - DIRECT METHOD
(UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	Note	December 31, 2010 Rupees	December 31, 2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from:			
Membership		39,981,730	26,176,400
Examination		104,304,294	94,687,129
Training		28,557,250	29,894,410
Publication		5,023,500	3,579,170
Facilities and miscellaneous		2,521,515	2,126,991
Donation for student endowments		19,000	524,702
		<u>180,407,289</u>	<u>156,988,802</u>
Cash paid to:			
Employees		54,408,294	54,777,528
Benevolent Fund and Regional Committees		1,587,937	2,690,883
Professional bodies		636,705	841,312
Property tax		825,255	793,844
Suppliers and vendors		72,075,730	58,369,278
		<u>129,533,921</u>	<u>117,472,845</u>
		<u>50,873,368</u>	<u>39,515,957</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment (ICAP) - net		(35,000,000)	35,000,000
Investment (Endowment Fund)		-	(12,000,000)
Addition to property, plant and equipment		(7,400,394)	(9,998,584)
Proceed from sale of operating fixed assets		6,621,198	1,547,858
Income received from investments		3,046,142	6,404,292
Long term loans and deposits - net		15,854	75,048
		<u>(32,717,200)</u>	<u>21,028,614</u>
Net increase in cash and cash equivalents		18,156,168	60,544,571
Cash and cash equivalents at the beginning of the period		67,128,777	17,664,369
Cash and cash equivalents at the end of the period	11	<u>85,284,945</u>	<u>78,208,940</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


SECRETARY


PRESIDENT

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010

	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, 2009	168,578,193	16,000,000	806,871	2,843,774	584,925	34,500,159	5,839,977	229,153,899
Bank charges	-	-	(458)	-	-	-	-	(458)
Gold medal expenditure	-	-	-	(140,681)	-	-	-	(140,681)
Disbursement to students	-	-	-	-	-	(44,890)	-	(44,890)
Books for libraries	-	-	-	-	-	-	-	-
Paid to Institute	-	-	-	(70,291)	-	(35,373)	-	(105,664)
Profit earned on investments	-	-	-	169,741	-	2,596,467	375,370	3,141,578
Donation received	-	-	-	-	-	524,702	-	524,702
Transferred to Student Endowment Funds	(11,000,000)	-	-	-	-	11,000,000	-	-
Transferred from statement of comprehensive income	58,612,645	-	-	-	-	-	-	58,612,645
Balance as at December 31, 2009	216,190,838	16,000,000	806,413	2,802,543	584,925	48,541,065	6,215,347	291,141,131
Balance as at July 01, 2010	202,904,726	16,000,000	806,372	2,903,067	584,925	49,323,988	6,219,743	278,742,821
Bank charges	-	-	-	(41)	-	-	-	(41)
Gold medal expenditure	-	-	-	(86,644)	-	-	-	(86,644)
Disbursement to students	-	-	-	-	-	(37,850)	-	(37,850)
Books for libraries	-	-	-	-	-	-	(71,495)	(71,495)
(Paid) / Payable to Institute	-	-	-	86,644	-	(1,634,379)	-	(1,547,735)
Profit earned on investments	-	-	-	147,861	-	2,941,672	362,473	3,452,006
Donation received	-	-	-	-	-	19,000	-	19,000
Transferred to Student Endowment Funds	-	-	(806,372)	-	(584,925)	1,391,297	-	-
Transferred from statement of comprehensive income	69,311,242	-	-	-	-	-	-	69,311,242
Balance as at December 31, 2010	272,215,968	16,000,000	-	3,050,887	-	52,003,728	6,510,721	349,781,304

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


SECRETARY


PRESIDENT

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2010**

1 NATURE AND STATUS

The Institute of Chartered Accountants of Pakistan (the Institute) 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 2 (36) of the Income Tax Ordinance, 2001.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are unaudited.

This condensed interim financial report of the Institute for the six months period ended December 31, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-Laws, 1983. In case where requirements differ, the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-Laws, 1983 have been followed.

The disclosures made in these condensed interim financial statements have been limited in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting". They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Institute for the year ended June 30, 2010.

2.2 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Institute.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2010.

3.2 The new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2010 are either considered not to be relevant or to have insignificant effect on the Institute's operations and therefore, are not detailed in these condensed interim financial statements.

4 ESTIMATES

The preparation of condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Institute's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2010.

	December 31, 2010 (Un-audited) Rupees	June 30, 2010 (Audited) Rupees
--	--	---

5 PROPERTY, PLANT AND EQUIPMENTS

Operating fixed assets	5.1	152,353,407	160,239,789
Leasehold land - Preedy Street, Karachi	5.2	18,233	18,233
Capital work in progress		875,213	-
		<u>153,246,853</u>	<u>160,258,022</u>

5.1 Operating fixed assets

Opening net book value (NBV)		160,239,789	160,613,475
Additions (at cost) during the period / year	5.1.1	<u>6,525,181</u>	<u>20,858,958</u>
		166,764,970	181,472,433
Disposals and adjustment (NBV) during the period / year	5.1.2	<u>(5,436,365)</u>	<u>(2,160,921)</u>
Depreciation charge for the period / year		<u>(8,975,198)</u>	<u>(19,071,723)</u>
		(14,411,563)	(21,232,644)
Closing net book value (NBV)		<u>152,353,407</u>	<u>160,239,789</u>

5.1.1 Detail of additions (at cost) during the period / year are as follows:

Leasehold land	-	1
Buildings on leasehold land	-	1,672,250
Buildings on freehold land	-	312,260
Electric fittings, air conditioners and appliances	-	3,413,420
Furniture and fixtures	153,059	100,813
Vehicles	6,016,900	9,663,681
Office equipment	355,222	5,696,533
	<u>6,525,181</u>	<u>20,858,958</u>

	December 31, 2010 (Un-audited) Rupees	June 30, 2010 (Audited) Rupees
5.1.2 Detail of disposals / adjustments (NBV) during the period / year are as follows:		
Electric fittings, air conditioners and appliances	6,055	-
Vehicles	5,389,945	2,075,709
Office equipment	40,365	85,212
	<u>5,436,365</u>	<u>2,160,921</u>

5.2 The Institute's leasehold land at Preedy Street Karachi, costing Rs. 18,233 is occupied by squatters. The Institute has formed a task force to find a way forward in this regard.

6 LONG TERM INVESTMENTS

Held to maturity

Special Saving Certificates

6.1 51,162,343 13,377,398

6.1 This represents investments in Special Saving Certificates having an aggregate face value of Rs. 47 million (June 30, 2010: Rs. 12 million). These have been placed for a term of 3 years, carrying profit ranging from 13.48% to 13.57% per annum (June 30, 2010: 13.48% to 13.57% per annum) and maturing upto August 01, 2013. Accrued profit of Rs. 4.162 million (June 30, 2010: Rs. 1.377 million) is included in the carrying value.

7 SHORT TERM INVESTMENTS

Held to maturity

Term Deposit Receipts

7.1 72,201,290 55,482,468

7.1 This represents investments in Term Deposit Receipts with various banks and financial institutions having an aggregate face value of Rs. 70 million (June 30, 2010: Rs. 54 million) carrying effective profit rates, ranging from 11.25% to 12.30% per annum (June 30, 2010: 11.00% to 12.15% per annum), maturing upto March 28, 2011. Accrued profit amounting to Rs. 2.201 million (June 30, 2010: Rs. 1.482 million) is included in the carrying value.

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 The Appellate Bench of the Competition Commission of Pakistan has passed an Order, dated March 11, 2009, in response to an 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 as a result thereof. The Institute has filed an appeal before the Honorable Supreme Court of Pakistan which was pending for hearing in the year 2009. The judgment has now been suspended by the Honourable Supreme Court of Pakistan. During the pendency of the appeal the Competition Commission Ordinance, 2010 was promulgated on March 26, 2010. As per opinion of the Institute's legal council it is likely that the appeal will be transferred to the High Court. Since the Council is confident that the outcome will be favourable, no accrual has been made in these financial statements relating to the above referred penalty.

8.1.2 During the past years, deduction and contribution towards Employees Old Age Benefits Institution (EOBI) has not been made. Provision has not been made for amounts due on account of past employees of the Institute as the amounts cannot be accurately quantified at present. There is a contingent liability in respect of penalties and contributions not made in respect of past employees.

8.2 Commitments

Commitments in respect of capital expenditure as at balance sheet date amounted to Rs. 2.042 million (June 30, 2010: nil).

	Half year ended	
	December 31, 2010	December 31, 2009
	(Un-audited)	(Un-audited)
	Rupees	Rupees
9 SALARIES, ALLOWANCES AND OTHER BENEFITS		
Salaries and allowances	49,687,255	49,929,427
Contribution to defined benefit plan - gratuity fund	1,733,429	1,500,000
Contribution to defined contribution plan - provident fund	2,594,366	3,040,517
	<u>54,015,050</u>	<u>54,469,944</u>
10 OTHERS		
Vehicles maintenance	2,440,867	2,013,808
Entertainment	1,030,225	929,780
Bank charges	1,012,305	734,130
Cost of gold medals and award ceremony	649,568	63,955

	Half year ended	
	December 31, 2010 (Un-audited) Rupees	December 31, 2009 (Un-audited) Rupees
Annual general meeting	642,616	869,715
Fees to professional bodies	636,705	841,312
Legal and professional charges	575,750	657,249
Insurance	572,553	424,383
Online educational and research services (PERN 2)	549,646	-
Amortization of intangible assets	327,201	178,675
Auditor's remuneration	155,430	67,471
Employees training expenses	150,872	103,250
Golden Jubilee Celebration	100,245	-
Books and publications	96,067	216,701
Conveyance	45,734	104,850
Entrance test conducting charges	23,850	51,100
Registered Accounting Education Tutor's appraisal cost	5,000	24,500
Consultancy charges	-	664,750
Election expenses	-	112,042
Loss on sale of operating fixed assets	-	10,772
Sundry expenses	1,066,801	892,243
	<u>10,081,435</u>	<u>8,960,686</u>

11 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:

	December 31, 2010 (Un-audited) Rupees	December 31, 2009 (Un-audited) Rupees
	Cash and bank balances	15,284,945
Short term investments realizable within three months	70,000,000	66,000,000
	<u>85,284,945</u>	<u>78,208,940</u>

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. Significant reclassifications for purposes of correct presentation are as under:

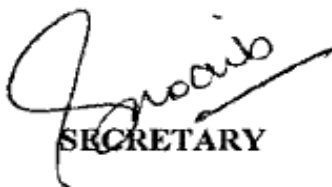
- a "Seminar and conference expenses" amounting to Rs. 5,516,840 previously included under the heading of "Expenditure" has now been included in "Other operating income" under the heading of "Income" to net off against "Seminar and conference income" in the condensed interim statement of comprehensive income to conform with the presentation of the financial statements for the year ended June 30, 2010.
- b "Exchange gain" amounting to Rs. 68,656 previously included under the heading of "Income" has now been included in "Finance income" in the condensed interim statement of comprehensive income to conform with the presentation of the financial statements for the year ended June 30, 2010.
- c "Loss on sale of operating fixed assets" amounting to Rs. 10,722 previously shown separately in the condensed interim statement of comprehensive income has now been included in "Others" to conform with the presentation of the financial statements for the year ended June 30, 2010.

13 DATE OF AUTHORISATION FOR ISSUE

The Council of the Institute authorised these condensed interim financial statements for issue on 27 January, 2011.

14 GENERAL

Figures have been rounded off to the nearest rupee.


SECRETARY


PRESIDENT