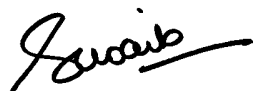


Balance Sheet

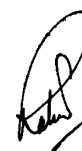
As At June 30, 2010

	Note	2010 Rupees	2009 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	3	160,258,022	160,631,708
Intangible assets	4	1,971,126	1,078,314
Investments	5	13,377,398	10,008,274
Loans and deposits	6	9,642,081	10,130,233
Assets relating to Specific Funds	7	2,506,858	1,056,697
Assets relating to Endowment Funds	8	44,661,650	20,794,253
		<u>232,417,135</u>	<u>203,699,479</u>
CURRENT ASSETS			
Stock of publications and souvenirs		3,073,220	1,731,635
Short term investments	9	55,482,468	45,462,168
Assets relating to Specific Funds	10	1,787,506	3,178,873
Assets relating to Endowment Funds	11	10,882,081	19,545,883
Loans, advances, prepayments and other receivables	12	10,232,881	7,275,288
Cash and bank balances	13	13,128,777	10,664,369
		<u>94,586,933</u>	<u>87,858,216</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	21,065,808	15,714,072
Fees and charges received in advance	15	25,474,120	44,458,122
Due to Benevolent Fund	16	1,721,319	2,231,602
		<u>48,261,247</u>	<u>62,403,796</u>
NET CURRENT ASSETS			
		<u>46,325,686</u>	<u>25,454,420</u>
CONTINGENCIES			
	17	<u>278,742,821</u>	<u>229,153,899</u>
FINANCED BY:			
General Fund		202,904,726	168,578,193
Building Fund		16,000,000	16,000,000
Specific Funds		4,294,364	4,235,570
Endowment Funds		55,543,731	40,340,136
		<u>278,742,821</u>	<u>229,153,899</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.



SECRETARY



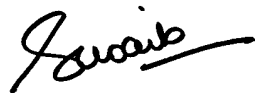
PRESIDENT

Statement of Comprehensive Income

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
INCOME			
Members' subscription	18	47,548,455	39,252,907
Eamination and other fee	19	182,966,446	155,484,975
Education and training related fee	20	42,723,517	40,099,200
Publications	21	8,746,999	9,275,514
Other operating income	22	7,338,646	3,434,786
		289,324,063	247,547,382
EXPENDITURE			
Salaries, allowances and other benefits	23	111,450,745	94,243,764
Examination charges		45,001,458	43,362,220
Depreciation		19,071,723	18,066,947
Traveling and related expenses	24	14,269,871	16,489,596
Publications		11,232,486	9,330,412
Utilities		10,235,067	7,857,163
Postage and telephone		7,158,414	6,992,957
Repairs and maintenance		5,457,274	5,054,237
Printing and stationery		4,915,494	6,696,163
Rent, rates and taxes		3,816,021	3,315,493
Advertisement and exhibition		2,511,784	2,535,187
Others	25	18,154,232	20,490,306
		253,274,569	234,434,445
Excess of income over expenditure before finance income		36,049,494	13,112,937
Finance income	26	9,277,039	7,832,261
Excess of income over expenditure for the year		45,326,533	20,945,198
Other comprehensive income		-	-
Total comprehensive income for the year transferred to General Fund		45,326,533	20,945,198

The annexed notes from 1 to 34 form an integral part of these financial statements.



SECRETARY



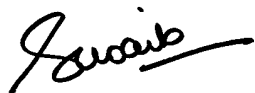
PRESIDENT

Statement of Cash Flows

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from:			
Membership		44,870,343	39,314,915
Examination		166,387,792	161,891,970
Training		42,723,517	38,259,200
Publication		8,535,139	8,952,710
Facilities and miscellaneous		17,372,809	3,785,749
Donations for Student Endowment Fund		506,500	11,541,750
		280,396,100	263,746,294
Cash paid to:			
Employees		107,941,527	94,096,523
Benevolent Fund and Regional Committees		458,897	2,187,147
Professional bodies		2,191,919	1,739,184
Property tax		799,255	799,233
Suppliers and vendors		131,407,490	110,311,021
		242,799,088	209,133,108
		37,597,012	54,613,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments (ICAP - net)		35,000,000	(22,800,000)
Investments (Endowment Fund)		(11,000,000)	(15,676,000)
Purchase of operating fixed assets		(22,163,703)	(33,374,501)
Proceeds from sale of operating fixed assets		2,150,149	2,300,492
Income received from investments		7,745,660	10,878,932
Long term loans and deposits recovered		497,610	252,036
Long term loans and deposits paid		(362,320)	(976,430)
		11,867,396	(59,395,471)
Net increase / (decrease) in cash and cash equivalents		49,464,408	(4,782,285)
Cash and cash equivalents at the beginning of the year		17,664,369	22,446,654
Cash and cash equivalents at the end of the year	27	67,128,777	17,664,369

The annexed notes from 1 to 34 form an integral part of these financial statements.



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Statement of Changes in Funds

For The Year Ended June 30, 2010

	General Fund	Building Fund	Specific Funds			Endowment Funds		Total
			Garze Hasna Fund	Prize Fund	IFEL Fund	Student's Endowment Fund	Libraries Development Fund	
Rupees								
Balance as at June 30, 2008	151,632,995	16,000,000	806,926	2,527,361	584,925	20,407,819	5,373,476	197,333,502
Bank charges	-	-	(55)	-	-	-	-	(55)
Disbursements to students	-	-	-	-	-	(4,248,050)	-	(4,248,050)
Books for libraries	-	-	-	-	-	-	(166,288)	(166,288)
(Paid) / payable to the 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 Students' Endowment Fund	(4,000,000)	-	-	-	-	4,000,000	-	-
Transferred from statement of comprehensive income	20,945,198	-	-	-	-	-	-	20,945,198
Balance as at June 30, 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	-	-	(499)	(83)	-	-	-	(582)
Gold medal expenditure	-	-	-	(210,601)	-	-	-	(210,601)
Disbursements to students	-	-	-	-	-	(5,183,992)	-	(5,183,992)
Books for libraries	-	-	-	-	-	-	(316,557)	(316,557)
(Paid) / payable to the Institute	-	-	-	(70,291)	-	3,197,725	-	3,127,434
Profit earned on investments	-	-	-	340,268	-	5,303,596	696,323	6,340,187
Donations received	-	-	-	-	-	506,500	-	506,500
Transferred to Students' Endowment Fund	(11,000,000)	-	-	-	-	11,000,000	-	-
Transferred from statement of comprehensive income	45,326,533	-	-	-	-	-	-	45,326,533
Balance as at June 30, 2010	202,904,726	16,000,000	806,372	2,903,067	584,925	49,323,988	6,219,743	278,742,821

The annexed notes from 1 to 34 form an integral part of these financial statements.



SECRETARY



PRESIDENT

Notes to the Financial Statements

For The Year Ended June 30, 2010

1 THE INSTITUTE AND ITS OPERATIONS

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

2 SUMMARY OF 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 the 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, which are carried at amortised cost, as stated in note 2.5.

c) Standards, interpretations and amendments to approved accounting standards that are 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
IFRS 1 First-time adoption of International Financial Reporting Standards - Additional Exemption for first-time adopters (Amendments)	January 1, 2010
IFRS 1 First time adoption of International Financial Reporting Standards - Limited Exemption from Comparatives. IFRS 7 Disclosures for first-time adopters	July 1, 2010

Notes to the Financial Statements

For The Year Ended June 30, 2010

Standard or interpretation	Effective date
IFRS 2 Group Cash-settled Share-based Payment Arrangements	January 1, 2010
IFRS 9 Financial Instruments	January 1, 2013
IAS 24 Related Party Disclosures (Revised)	January 1, 2011
IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendments)	February 1, 2011
IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)	January 1, 2011
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

The Institute expects that the adoption of the above standards and interpretations will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after January 1, 2010. The Institute expects that such improvements to the standards will not have any material impact on the Institute's financial statements in the period of initial application.

d) Standards or interpretations effective in 2009 but not relevant to the Institute

The following standards and interpretations are effective for financial periods beginning on or after July 1, 2009 but are either not relevant or do not have any effect / material effect on the financial statements of the Institute:

IFRS 1	First-time Adoption of International Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
IFRS 2	Share-based payment - Vesting Conditions and Cancellations (Amendment)
IFRS 3	Business Combinations (Revised)
IFRS 8	Operating Segments
IAS 23	Borrowing Costs (Revised)
IAS 27	Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
IAS 27	Consolidated and Separate Financial Statements (Amendment)

Notes to the Financial Statements

For The Year Ended June 30, 2010

- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendment)
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

e) Change in accounting policies and disclosures

IAS 1

(Revised) 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. In addition to this, the standard has also revised the names of certain components of the financial statements. These revisions only impact the presentation of financial statements.

f) 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The areas where various assumptions were exercised in application of accounting policies that are significant to the financial statements are as follows:

- i. Assumptions and estimations used in accounting for a defined benefit plan (note 14.2)
- ii. Assumptions and estimations used in determining the recoverable amounts, useful lives and residual values of property, plant and equipment (note 3.2).
- iii. Assumptions and estimations used in accounting for provision against interest free education loans (notes: 6 and 7).

Notes to the Financial Statements

For The Year Ended June 30, 2010

g) Functional and presentation currency

These financial statements are presented in Pakistan rupees, which is the functional and presentation currency for the Institute.

2.2 Property, plant and equipment

Operating assets are stated at cost less accumulated depreciation and impairment, if any, 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.

Land acquired free of cost is accounted for at a nominal value as per guidelines for Accounting and Financial Reporting by Non-Government organizations (NGOs)/ Non-profit organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of operating fixed assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

Maintenance and normal repairs are charged to statement of comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

2.3 Intangible asset

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

Notes to the Financial Statements

For The Year Ended June 30, 2010

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of intangible assets is the greater of net selling price and value in use.

2.4 Interest free education loan (IFEL)

These are stated at cost less an allowance for uncollectable amounts, if any. 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 realisable value. Cost is determined on first-in first-out basis.

Net realisable 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 fees.

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

Profit on savings account is recognised on effective yield basis.

2.8 Staff retirement benefits

i) Defined benefit plan

The Institute operates a recognised funded gratuity scheme in respect of all of its eligible employees. Provision is made annually, to cover obligations under the scheme, by way of charge to statement of comprehensive income, calculated in accordance with the actuarial valuation. The scheme is non contributory i.e. the employees do not make contribution in this scheme. The most recent valuation in this regard was carried out as at June 30, 2010, using the Projected Unit Credit Method.

Notes to the Financial Statements

For The Year Ended June 30, 2010

The scheme entitles the members to a gratuity payable on attainment of the normal retirement age, voluntary retirement, death in service of the employer or termination of service by the employer other than for misconduct, negligence or incompetence.

Minimum service requirement for the entitlement of gratuity is one year.

The defined benefit plan liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, with the adjustment for actuarial gains and losses and past service costs.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses as of the beginning of the period exceed 10% of the defined benefit obligation except for compensated absences. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

ii) **Defined contribution plan**

The Institute also operates an approved contributory Provident Fund for all its permanent eligible employees to which equal monthly contributions are made, both by the Institute and the employees, at the rate of 10% of the basic salary.

2.9 **Creditors, accrued and other liabilities**

Liabilities for creditors 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 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 the Institute from its surplus as well as amounts received from other organisations.

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 rates approximating those ruling on the date of the transaction.

Notes to the Financial Statements

For The Year Ended June 30, 2010

Monetary assets and liabilities in foreign currencies are translated at the spot rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken to statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction.

2.12 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Institute becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to statement of comprehensive income.

Financial assets are derecognised at the time when the Institute loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to statement of comprehensive income and expenditure currently.

2.13 Provisions

Provisions are recognised 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 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.

	Note	2010 Rupees	2009 Rupees
3 PROPERTY, PLANT AND EQUIPMENT			
Leasehold land - Preedy Street, Karachi	3.1	18,233	18,233
Operating fixed assets	3.2	160,239,789	160,613,475
		<u>160,258,022</u>	<u>160,631,708</u>

3.1 Leasehold land - Preedy Street, Karachi

The Institute's leasehold land at Preedy Street, Karachi, is occupied by Squatters. The Institute has formed a task force, which is currently trying to find a way forward in this regard.

Notes to the Financial Statements

For The Year Ended June 30, 2010

3.2 Operating Fixed Assets

The following is a statement of operating fixed assets:

Description	Rupees										Total	
	Leasehold land	Freehold land	Buildings on leasehold land	Building on freehold land	Air conditioning plant	Generators	Electric fittings and appliances	Furniture & Fixtures	Vehicles	Office Equipment		
As at July 1, 2008												
Cost	1,601,450	4,581,500	81,919,082	15,509,702	482,786	6,104,854	27,937,904	20,667,456	23,554,126	21,413,087	203,771,927	
Accumulated depreciation	-	-	20,667,864	4,867,428	375,195	1,902,860	7,211,092	6,164,868	7,710,452	10,047,494	58,947,053	
Net book value	1,601,450	4,581,500	61,251,418	10,642,274	107,571	4,201,994	20,726,812	14,502,588	15,843,674	11,365,593	144,824,874	
Net carrying value basis Year ended June 30, 2009												
Opening net book value	1,601,450	4,581,500	61,251,418	10,642,274	107,571	4,201,994	20,726,812	14,502,588	15,843,674	11,365,593	144,824,874	
Additions	-	-	7,127,864	540,458	-	31,420	8,153,642	2,032,646	9,545,450	9,443,688	36,874,988	
Transfers in/ (Transfers out)	-	-	(198,068)	(528,650)	-	-	656,853	(3,757)	-	73,622	-	
Deletions:												
Cost	-	-	-	-	(482,766)	(251,354)	(1,254,806)	(1,731,070)	(4,072,000)	(1,816,622)	(9,608,618)	
Depreciation	-	-	-	-	(388,985)	(178,205)	(1,054,012)	(1,146,638)	(2,265,738)	(1,559,018)	(6,582,586)	
Depreciation charged for the year	-	-	2,388,062	309,510	13,790	628,506	4,548,265	2,327,734	3,734,007	4,120,471	18,070,345	
Net book value as at June 30, 2009	1,601,450	4,581,500	65,792,952	10,344,572	-	3,531,759	24,788,248	13,619,311	19,848,855	16,504,828	160,613,475	
Gross carrying value basis As at June 30, 2009												
Cost	1,601,450	4,581,500	88,848,678	15,521,510	-	5,884,920	35,483,593	20,985,275	29,027,576	29,113,775	231,038,277	
Accumulated depreciation	-	-	23,055,726	5,175,938	-	2,353,161	10,705,345	7,345,964	9,178,721	12,609,947	70,424,802	
Net book value as at June 30, 2009	1,601,450	4,581,500	65,792,952	10,344,572	-	3,531,759	24,788,248	13,619,311	19,848,855	16,504,828	160,613,475	
Net carrying value basis Year ended June 30, 2010												
Opening net book value	1,601,450	4,581,500	65,792,952	10,344,572	-	3,531,759	24,788,248	13,619,311	19,848,855	16,504,828	160,613,475	
Additions	-	-	1,672,250	312,260	-	-	3,413,420	100,813	9,663,681	5,696,533	20,858,998	
Deletions:												
Cost	-	-	-	-	-	-	-	-	(4,965,549)	(205,275)	(5,170,824)	
Depreciation	-	-	-	-	-	-	-	-	(2,889,840)	(120,063)	(3,009,903)	
Depreciation charged for the year	-	-	3,339,756	539,833	-	529,764	4,047,639	1,383,247	(2,075,709)	(85,212)	(2,160,921)	
Net book value as at June 30, 2010	1,601,451	4,581,500	64,125,446	10,125,999	-	3,001,995	24,154,029	12,336,877	22,657,820	17,654,672	160,239,789	
Gross carrying value basis As at June 30, 2010												
Cost	1,601,451	4,581,500	90,520,928	15,833,770	-	5,884,920	38,907,013	21,066,098	33,725,708	34,605,033	246,726,411	
Accumulated depreciation	-	-	26,395,482	5,707,771	-	2,882,925	14,752,984	8,729,211	11,067,888	16,950,361	86,486,622	
Net book value as at June 30, 2010	1,601,451	4,581,500	64,125,446	10,125,999	-	3,001,995	24,154,029	12,336,877	22,657,820	17,654,672	160,239,789	
Annual rate of depreciation (%)												
2009	-	-	5	5	15	15	15	10-20	20	15-33	15-33	
2010	-	-	5	5	-	15	15	10-20	20	15-33	15-33	

3.2.1 The cost of leasehold land includes a plot measuring 600 square yards recorded at a nominal value of Rs. 1 which has been gifted to the Institute for the purposes of constructing ICAP offices, a library, examination centre, class rooms, auditorium and other similar activities. The plot of land has been gifted to the Institute by one of the senior members and has been recognized as a donation (note 22.2) in the financial statements. The land is located at C-1, Government Teachers Cooperative Housing Society, Sector 16-A, Scheme 33, Gulzar-e-Hijri, Karachi. The title to the plot was transferred to the Institute through an allotment letter dated March 21, 2010. However, matters relating to the execution of the sub lease of the said property is in the process of completion. The subject plot of land has been gifted on the condition that it cannot be disposed off by the Institute.

Notes to the Financial Statements

For The Year Ended June 30, 2010

3.3 Statement of disposals of operating fixed assets

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of purchaser	Mode of Disposal
Vehicles							
Suzuki Cultus	593,206	299,400	293,806	293,806	-	Kashif Malik - Employee ICAP, Karachi	
Suzuki Cultus	597,039	300,166	296,873	296,873	-	Faheem Siddiqui - Employee ICAP, Karachi	
Suzuki Cultus	598,110	292,487	305,623	305,623	-	S.M. Taqui Hussain - Ex. Employee ICAP, Islamabad	
Suzuki Alto	496,000	333,111	162,889	162,889	-	Shahzad Niaz - Employee ICAP, Karachi	
Suzuki Alto	496,000	333,111	162,889	162,889	-	Samina Rasul - Employee ICAP, Karachi	Sale as per Institute's policy on written down value
Suzuki Alto	496,000	333,111	162,889	162,889	-	Mahmood Ahmad - Employee ICAP, Karachi	
Suzuki Cultus	594,988	329,658	265,330	265,330	-	Shoaib Ahmad - Employee ICAP, Karachi	
Suzuki Cultus	598,206	335,685	262,521	262,521	-	Mohammad Irfan Ghaziani - Employee ICAP, Karachi	
Office equipment							
Laptop	69,000	43,228	25,772	15,000	(10,772)	M/s Reboot (Private) Limited, Karachi	Negotiation
Laptop	69,000	44,875	24,125	24,125	-	Moiz Ahmad - Ex. Employee ICAP, Karachi	Negotiation
Laptop	67,275	31,960	35,315	35,315	-	Muhammad Asif Iqbal - Ex. Employee ICAP, Karachi	Negotiation
	5,170,824	3,009,903	2,160,921	2,150,149	(10,772)		

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
4 INTANGIBLE ASSET			
Computer software			
Cost as on July 1		1,832,980	2,206,561
Additions during the year		1,304,745	691,717
Written-off during the year		-	(1,065,298)
Cost as on June 30		3,137,725	1,832,980
Amortisation as on July 1		(754,666)	(1,342,516)
Adjustment during the year		-	1,043,385
Amortised during the year		(411,933)	(455,535)
Amortisation as on June 30		(1,166,599)	(754,666)
		<u>1,971,126</u>	<u>1,078,314</u>
5 INVESTMENTS			
Special saving certificates - Held to maturity	5.1	<u>13,377,398</u>	<u>10,008,274</u>
5.1	These represent investments in Special Saving Certificates, having an aggregate face value of Rs. 12 million (2009: Rs. 10 million). These have been placed for a term of 3 years, carrying profit at rates ranging between 13.48% and 13.57% per annum, and maturing on June 13, 2013. Accrued profit amounting to Rs. 1.377 million (2009: Rs. 0.0083 million) is included in the carrying value.		
6 LOANS AND DEPOSITS			
Motor Cycle loans (secured - considered good)	6.1	438,316	276,903
Recoverable within one year shown under current assets	12	(116,577)	(98,053)
		321,739	178,850
Students' loans (unsecured - considered good)	6.2	8,712,332	9,209,942
Provision for loans considered doubtful		(925,856)	(984,425)
		7,786,476	8,225,517
		8,108,215	8,404,367
Deposits		1,533,866	1,725,866
		<u>9,642,081</u>	<u>10,130,233</u>

- 6.1 These are interest free motor cycle loans given to employees and are recoverable between 2 and 5 years. Motor cycles provided under this scheme are registered in the joint names of the Institute and employees. The said loans are secured against employees' retirement benefits.

Notes to the Financial Statements

For The Year Ended June 30, 2010

- 6.2 These are Interest Free Education Loans (IFEL) given to students and are recoverable on qualifying or securing employment. The scheme has been discontinued with effect from January 22, 2008 after the introduction of Endowment Fund for the same purpose. 499 students were given assistance under the scheme with a total outlay of Rs 10.151 million. As per the terms of the scheme, a sum of Rs 8.151 million is not yet due, as beneficiaries are pursuing their studies of Chartered Accountancy. The Institute has obtained firm commitments from these beneficiaries and, hence, do not expect any default except in few cases. The Institute has made a 10% general provision as per its accounting policy to cover such cases.

	Note	2010 Rupees	2009 Rupees
7 ASSETS RELATING TO SPECIFIC FUNDS			
Prize Fund			
Defence Saving Certificates - Held to maturity		-	886,591
Current portion of DSCs transferred to current assets		-	(886,591)
		-	-
Term Deposit Receipts	7.1	1,400,000	-
Special Saving Certificates (SSCs)- Held to maturity	7.2	379,313	327,152
		1,779,313	327,152
Qarz-e-Hasna Fund			
Loans to students (interest free and unsecured)		181,320	183,320
IFEL Fund			
Loans to students (interest free and unsecured)		546,225	546,225
		<u>2,506,858</u>	<u>1,056,697</u>

- 7.1 This represents investment in Term Deposit Receipts, having an aggregate face value of Rs. 1.4 million (2009: nil) carrying profit at the rate of 12% per annum (2009: nil). This has been placed for a term of 5 years, maturing on November 15, 2014.
- 7.2 These represent investment in Special Saving Certificates, having an aggregate face value of Rs. 0.300 million (2009: Rs. 0.300 million), carrying profit at the rate of 17.388% per annum. These have been placed for a term of 3 years, maturing during December, 2011. Accrued profit of Rs. 0.079 million (2009: Rs. 0.027 million) is included in the carrying value.

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
8 ASSETS RELATING TO ENDOWMENT FUNDS			
Students' Endowment Fund			
Special Saving Certificates (SSCs)- Held to maturity	8.1	28,756,305	18,250,669
Term Deposit Receipts	8.2	11,010,000	-
		39,766,305	18,250,669
Libraries Development Fund			
Special Saving Certificates (SSCs)- Held to maturity	8.1	4,895,345	2,543,584
		44,661,650	20,794,253
<p>8.1 These represent investments in Special Saving Certificates, having an aggregate face value of Rs. 30.676 million (2009: Rs. 20.676 million), carrying profit at rates ranging between 13.48% and 13.57% per annum. These have been placed for a term of 3 years, maturing upto 2013. Accrued profit amounting to Rs. 2.976 million (2009: Rs. 0.120 million) is included in the carrying value.</p>			
<p>8.2 These represent investments in Term Deposit Receipts, having an aggregate face value of Rs. 11 million (2009: nil) carrying profit at the rate of 12% per annum (2009: nil). These have been placed for a term of 5 years, maturing upto 2015. Accrued profit amounting to Rs. 0.010 million (2009: nil) is included in the carrying value.</p>			
9 SHORT TERM INVESTMENT			
Term Deposit Receipts	9.1	55,482,468	45,462,168
<p>9.1 These represent investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates, ranging between 11.00% and 12.15% per annum (2009: 12.90% to 14.00% per annum), maturing upto 2010. Accrued profit amounting to Rs. 1.482 million (2009: Rs. 1.462 million) is included in the carrying value.</p>			
10 ASSETS RELATING TO SPECIFIC FUNDS			
Prize Fund			
Current portion of long term investments		-	886,591
Short term investments-term deposit receipt	10.1	1,058,770	1,538,342
		1,058,770	2,424,933
Balance with bank - PLS account	10.2	64,984	91,689
		1,123,754	2,516,622

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
Qarz-e-Hasna Fund			
Due from the Institute of Chartered Accountants of Pakistan		-	18,050
Balance with bank - current account		625,052	605,501
		625,052	623,551
IFEL Fund			
Balance with bank - current account		38,700	38,700
		1,787,506	3,178,873

10.1 This represents investment in Term Deposit Receipts with a bank, carrying profit at the rate of 11% per annum (2009: 15.75% per annum), maturing upto 2010. Accrued profit amounting to Rs. 0.029 million (2009: Rs. 0.138 million) is included in the carrying value.

10.2 The PLS bank account carries profit at the rate of 5% per annum (2009: 5% per annum).

11 ASSETS RELATING TO ENDOWMENT FUNDS

Students' Endowment Fund			
Short term investments-Term Deposit Receipt	11.1	9,557,682	16,249,490
Libraries Development Fund			
Short term investments-Term Deposit Receipt	11.2	1,066,410	3,042,071
Due from the Institute of Chartered Accountants of Pakistan		257,989	254,322
		1,324,399	3,296,393
		10,882,081	19,545,883

11.1 This represents investments in Term Deposit Receipts with various banks and financial institutions, carrying profit at the rate of 11.75% per annum (2009: 13.00% - 13.70% per annum), maturing upto 2010. Accrued profit amounting to Rs. 0.558 million (2009: Rs. 0.249 million) is included in the carrying value.

11.2 This represents investment in Term Deposit Receipts with various banks and financial institutions, carrying profit at the rate of 12.00% per annum (2009: 13.00% - 13.70% per annum), maturing upto 2010. Accrued profit amounting to Rs. 0.066 million (2009: Rs. 0.042 million) is included in the carrying value.

12 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Loans:

Current portion of motor cycle loans	6.1	116,577	98,053
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Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
Advances (considered good)			
Secured			
Executives		308,765	589,653
Employees		108,606	127,986
		417,371	717,639
Unsecured			
Income tax		553,177	350,429
Rent		401,167	512,100
Suppliers		1,273,967	2,515,762
		2,645,682	4,095,930
Prepayments		883,196	991,509
Other receivables (considered good)			
Advertisement income receivable		354,335	280,335
Due from the Chartered Institute of Management Accountants		1,203,984	849,720
Due from the South Asian Federation of Accountants		286,262	144,414
Due from the Registered Accounting Education Tutors (RAETs)		44,000	44,000
Due on account of rental of facilities		148,000	402,500
Due from Students' Endowment Fund	12.1	3,233,098	-
Due from Sponsors - CFO Conference		800,000	-
Miscellaneous		517,747	368,827
		6,587,426	2,089,796
		10,232,881	7,275,288

12.1 This amount has been given to students from the Institute's Fund, which is receivable from the Students' Endowment Fund.

13 CASH AND BANK BALANCES

Cash in hand			
Local currency		92,675	56,980
Foreign currency		114,404	191,586
		207,079	248,566
Cash at bank			
Current accounts			
Local currency		553,331	456,765
Foreign currency		85,300	81,100
		638,631	537,865

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
PLS saving accounts			
Local currency	13.1	9,849,915	8,632,280
Foreign currency	13.2	2,433,152	1,245,658
		<u>12,283,067</u>	<u>9,877,938</u>
		<u>13,128,777</u>	<u>10,664,369</u>

13.1 The PLS saving accounts in local currency carries profit at the rate of 5.00% per annum (2009: 5.00% per annum).

13.2 The PLS saving accounts in foreign currency carries profit at the rate of 1.00% per annum (2009: 1.00% per annum).

14 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		5,234,634	4,566,901
Accrued expenses			
Examination conducting charges		4,254,930	4,500,000
Bonus to employees		1,512,861	1,059,363
Due to South Asian Federation of Accountants (SAFA)		290,020	81,000
Due to Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)		170,600	-
Others		1,124,949	910,723
		<u>7,353,360</u>	<u>6,551,086</u>
Other liabilities			
Provision against EOBI payable	14.1	3,055,720	-
Chartered Accountant Students' Association (CASA)		50,600	138,950
Regional committees			
South		752,157	397,944
North		331,233	282,100
		<u>1,083,390</u>	<u>680,044</u>
Retention money		1,620,139	1,905,613
IASC Foundation royalty		351,980	408,340
Defined benefit plan - Gratuity Fund	14.2	547,194	-
Due to Library Development Fund		257,989	-
Others		1,510,802	1,463,138
		<u>8,477,814</u>	<u>4,596,085</u>
		<u>21,065,808</u>	<u>15,714,072</u>

Notes to the Financial Statements

For The Year Ended June 30, 2010

- 14.1 The balance under this head relates to amounts payable to Employees Old Age Benefits Institution (EOBI) on the basis of legal advice/clarification obtained during the year as per which it has been concluded that the Institute is not exempt from the requirement to make necessary deductions and contribution towards EOBI. An amount of Rs. 3.056 million has been made for present employees including an amount of Rs. 2.471 million relating to prior years (note: 17.2).
- 14.2 This represents amount payable towards Defined Benefit Plan (Gratuity Fund), estimated through actuarial valuation as at June 30, 2010 using the Projected Unit Credit Method. The relevant information is as follows:

	2010 Rupees	2009 Rupees
The amount recognized in the balance sheet is as follows:		
Present value of defined benefit obligation	12,304,323	11,088,859
Fair value of plan assets	(11,757,126)	(11,088,859)
Unrecognised actuarial gains / (losses)	-	-
	<u>547,197</u>	<u>-</u>
Movement in net liability recognized in the balance sheet is as follows:		
Opening balance	-	-
Charge for the year	3,794,921	2,888,006
Payment during the year	(3,247,724)	(2,888,006)
Closing balance	<u>547,197</u>	<u>-</u>
Amount recognised in statement of comprehensive income is as follows:		
Current service cost	3,535,558	3,046,849
Interest cost	1,457,116	960,729
Expected return on plan assets	(1,438,407)	(960,729)
Actuarial (gains) / losses recognized	240,654	(158,843)
	<u>3,794,921</u>	<u>2,888,006</u>
Actuarial assumptions for valuation		
Discount rate	14.00%	13.00%
Salary increase rate	14.00%	13.00%
Expected return on plan assets	12.50%	13.00%
Composition of plan assets		
Government securities	77.00%	77.00%
Term Deposits	23.00%	23.00%

5 years data on the surplus / (deficit) of the plan is as follows:

	2010	2009	2008	2007	2006
	Rupees				
Present value of defined benefit obligation	12,304,323	11,088,859	8,729,703	5,583,647	3,865,962
Fair value of plan assets	(11,757,126)	(11,088,859)	(8,729,703)	-	-
Deficits	<u>(547,197)</u>	<u>-</u>	<u>-</u>	<u>(5,583,647)</u>	<u>(3,865,962)</u>

Notes to the Financial Statements

For The Year Ended June 30, 2010

	2010 Rupees	2009 Rupees
15 FEES AND CHARGES RECEIVED IN ADVANCE		
Members	13,561,800	16,239,912
Examinations	11,864,820	28,089,210
Others	47,500	129,000
	<u>25,474,120</u>	<u>44,458,122</u>
16 BENEVOLENT FUND		
Balance as on July 1	2,231,602	798,195
Subscription and group insurance premium received during the year	3,385,990	4,073,515
	<u>5,617,592</u>	<u>4,871,710</u>
Transferred to Benevolent Fund / adjustments made during the year	(3,896,273)	(2,640,108)
	<u>1,721,319</u>	<u>2,231,602</u>
17 CONTINGENCIES		
17.1 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.		
17.2 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.		
18 MEMBERS' SUBSCRIPTION		
Admission fee	595,905	583,000
Annual subscription	41,108,861	34,104,607
Practicing certificate fee	5,743,289	4,515,300
Foreign affiliation fee	100,000	50,000
Duplicate ID card fee	400	-
	<u>47,548,455</u>	<u>39,252,907</u>

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
19	EXAMINATION AND OTHER FEE		
Examination fee		153,307,503	127,730,166
Annual registration fee		16,195,394	14,250,297
Examination conducting fee		2,194,479	1,355,762
Entrance test exemption fee		7,164,720	7,884,350
Entrance test fee		3,391,750	3,894,900
Fee for duplicate certificate		712,600	369,500
		<u>182,966,446</u>	<u>155,484,975</u>
20	EDUCATION AND TRAINING RELATED FEE		
Registration fee		40,636,950	38,419,200
Registered Accounting Education Tutors' fee		1,557,500	815,000
Training contract amendment fee		227,000	718,000
Student course fee and workshops		207,067	-
Training organisation fee		95,000	147,000
		<u>42,723,517</u>	<u>40,099,200</u>
21	PUBLICATIONS		
Accounting standards		3,893,500	5,064,980
Auditing standards		1,341,600	1,271,800
Gripping IFRS		2,774,570	2,378,400
Miscellaneous		737,329	560,334
		<u>8,746,999</u>	<u>9,275,514</u>
22	OTHER OPERATING INCOME		
Income derived from rental of facilities		2,653,675	2,898,891
Reversal of provision for doubtful students' loan		58,569	6,395
Income/(loss) from seminars and conferences	22.1	3,949,520	(164,698)
Miscellaneous income	22.2	676,882	694,198
		<u>7,338,646</u>	<u>3,434,786</u>
22.1	Seminars and Conferences		
Total income		13,587,230	526,350
Total expenses		(9,637,710)	(691,048)
Income/(loss) from seminars and conferences		<u>3,949,520</u>	<u>(164,698)</u>
22.2	This includes donation of Rs. 1 relating to gifted plot of land (see note 3.2.1.).		

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
23 SALARIES, ALLOWANCES AND OTHER BENEFITS			
Salaries and allowances	23.1	101,952,567	86,055,774
Defined benefit plan - Gratuity Fund		3,794,918	2,888,006
Defined contribution plan - Provident Fund		5,703,260	4,859,518
Defined contribution plan -Benevolent and Group insurance Fund		-	440,466
		<u>111,450,745</u>	<u>94,243,764</u>
23.1	This includes provision in respect of EOBI amounting to Rs. 3.056 million including Rs. 2.471 million related to previous years.		
24 TRAVELING AND RELATED EXPENSES			
Traveling and related expense represents expense incurred in respect of meetings and conferences attended by the members of the Council amounting to Rs. 9.141 million (2009: Rs.9.325 million), members of the Committee amounting to Rs. 2.705 million (2009: Rs. 2.273 million) and staff of the Institute amounting to Rs. 2.424 million (2009: Rs. 4.891 million).			
25 OTHERS			
Fees to professional bodies		2,191,919	1,739,184
Legal and professional charges		1,201,497	2,444,698
Consultancy charges		718,619	1,564,500
Election expenses		112,042	2,255,999
Auditors' remuneration	25.1	441,296	292,632
Annual general meeting		869,715	649,098
Books and publications		301,968	305,881
Conveyance		194,199	295,020
Entertainment		2,007,178	1,389,875
Bank charges		1,260,429	995,187
Insurance		992,849	841,714
Vehicles maintenance		3,898,295	3,529,679
Publications written off		38,802	75,978
Amortization of intangible asset		411,933	455,535
Intangible assets written off		-	21,913
Cost of gold medals and award ceremony		355,524	77,010

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
Entrance test conducting charges		149,250	58,800
Registered Accounting Education Tutor's appraisal cost		54,500	148,411
Employees training expenses		237,900	628,059
Donation	25.2	1,000,000	500,000
Loss on sale of operating fixed assets		10,772	715,531
Sundry expenses		1,705,545	1,505,602
		<u>18,154,232</u>	<u>20,490,306</u>
25.1 Auditors' remuneration			
Annual audit and half yearly review fee			
M. Afzal Munif		175,000	125,000
Qasim Ebrahim Causer		175,000	125,000
		<u>350,000</u>	<u>250,000</u>
Out of pocket expenses		91,296	42,632
		<u>441,296</u>	<u>292,632</u>
25.2	During the year, a sum of Rs 1.000 million (2009: Rs 0.500 million) was approved by the Council as special contribution to The Institute of Chartered Accountants of Pakistan Benevolent Fund.		
26 FINANCE INCOME			
Profit on Defence Saving Certificates		-	154,910
Profit on Special Saving Certificates		1,369,124	8,274
Profit on Term Deposit Receipts		6,666,293	6,370,553
Profit on PLS accounts		1,099,669	943,564
Exchange gain		141,953	354,960
		<u>9,277,039</u>	<u>7,832,261</u>
27 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		13,128,777	10,664,369
Short term investments realizable within three months		54,000,000	7,000,000
		<u>67,128,777</u>	<u>17,664,369</u>

Notes to the Financial Statements

For The Year Ended June 30, 2010

28 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Institute comprise employee retirement benefit plans, Benevolent Fund, Southern and Northern Regional Committees, Council and certain executives. Transactions with related parties are as follows:

Name of the related party and relationship with the Institute	Nature of transactions	2010 Rupees	2009 Rupees
Related party			
Regional Committees and Benevolent Fund	Collection on behalf of Committees and Funds	8,618,942	5,383,033
Benevolent Fund	Donation given	1,000,000	500,000
Staff retirement benefit plans			
Gratuity fund	Benefit paid on behalf of fund	3,794,918	2,888,006
Provident fund	Contribution	5,703,260	4,859,518
Key management personnel			
Executive director, secretary directors and other executives	Salary and other benefits	22,763,589	17,678,268
	Post employment benefit	2,285,186	1,866,573
	Traveling and related expenses paid by the Institute	1,920,159	3,560,815
	Membership fee paid by the Institute	243,550	172,315
	Disposal of the Institute's car	1,424,153	1,805,192
Members of the council			
	Membership fee paid by the members of the council	272,500	227,300
	Traveling and related expenses paid by the Institute	9,140,606	9,325,355

- 28.1 Disposals of property, plant and equipment to key management personnel are disclosed in note 3.3
- 28.2 Outstanding balance in respect of related parties and staff retirement benefits are included in notes 12, 14 and 16.
- 28.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institute directly or indirectly. The Institute considers all members of the Council, Executive Director, Secretary and other Directors to be key management personnel. Outstanding balance of loans and advances to key management personnel are disclosed in note 12.

Notes to the Financial Statements

For The Year Ended June 30, 2010

29 Remuneration and benefits of Executive Director, Directors/Secretary & Other Executives

The aggregate amount charged in the financial statements in respect of remuneration to the above are as follows:

	Rupees							
	Executive Director 2010	Executive Director 2009	Directors/Secretary 2010	Directors/Secretary 2009	Other Executives 2010	Other Executives 2009	Total 2010	Total 2009
Managerial Remuneration	5,335,000	4,621,860	16,163,165	11,635,687	27,891,815	21,912,662	49,389,980	38,170,209
Defined Contribution Plan (EPF)	308,336	362,496	1,063,600	848,801	1,902,861	1,404,994	3,274,797	2,616,291
Group Insurance Fund (GIF)	-	2,184	-	10,920	-	28,028	-	41,132
Defined Benefit Plan (Gratuity)	154,323	196,446	758,927	445,726	1,204,688	756,817	2,117,938	1,398,989
Fuel & Maintenance	240,711	283,128	1,024,713	1,137,593	2,355,880	1,811,523	3,621,304	3,232,244
	6,038,370	5,466,114	19,010,405	14,078,727	33,355,244	25,914,024	58,404,019	45,458,865
No. of persons	1	1	7	9	20	21		

29.1 The President and Council members are not given any remuneration or benefits. They are only reimbursed traveling and related expenses where they represent the Institute or participate in the Institutes meetings.

29.2 The Executive Director and certain Executives of the Institute are also provided with Institute's maintained cars.

Notes to the Financial Statements

For The Year Ended June 30, 2010

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Foreign currency risk

Financial assets exposed to foreign exchange rate risk, included in cash and bank balances, amounted to Rs 2.63 million (2009: Rs 1.52 million).

The Institute operates separate bank accounts in US dollars. It incurs currency risk as a result of the conversion of foreign currency balances held in bank accounts to Pak Rupees at the balance sheet date. The currency risk associated with this balance is considered minimal and, therefore, the Institute does not hedge its foreign currency exposure.

Sensitivity analysis:

At June 30, 2010 if the Pakistan Rupee had weakened/strengthened by 10% against US Dollar with all other variables held constant, the income for the year would have been higher/lower by Rs 0.263 million (2009: Rs. 0.152 million).

30.2 Interest rate risk

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 related banks and financial institutions, the Institute does not believe it is exposed to any interest rate risk.

30.3 Liquidity risk

The Institute maintains cash and cash equivalent balances to manage working capital requirements and, therefore, it does not have significant liquidity risk. Cash flows are projected on a weekly and monthly basis to closely monitor the liquidity need of the Institute and excess fund is then invested in line with the forecast requirements. The contractual maturities of financial liabilities are as follows:

Contractual cashflows	2010			
	Less than one year	Between 1-3 years	Between 3-5 years	Above 5 years
(Rupees)				
Creditors, accrued and other liabilities	18,010,088	18,010,088	-	-
Due to benevolent fund	1,721,319	1,721,319	-	-

Financial liabilities

Notes to the Financial Statements

For The Year Ended June 30, 2010

2009				
Contractual cashflows	Less than one year	Between 1-3 years	Between 3-5 years	Above 5 years
(Rupees)				

Financial liabilities

Creditors, accrued and other liabilities	15,714,072	15,714,072	-	-	-
Due to benevolent fund	2,231,602	2,231,602	-	-	-

30.4 Credit risk

Short term and long term funds are held in interest-bearing investments and in Government securities as a result of comprehensive investment policies.

In the current economic scenario, credit risk is being monitored more closely. Investments are only made with the banks with a high quality external rating. For trade and other receivables, the Institute is not significantly exposed to credit risk to any single customer.

	2010 Rupees	2009 Rupees
Loans and deposits	19,874,962	17,405,521
Investments	68,859,866	55,470,442
Cash and bank balances	13,128,777	10,664,369
	<u>101,863,605</u>	<u>83,540,332</u>
Credit rating of financial assets are as follows:		
Government securities	12,000,000	1,000,000
Term Deposit Receipts A1+	54,000,000	44,000,000

30.5 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 Special Saving Certificates that are carried at amortised cost, using the effective yield method, amounting to Rs 13.377 million (2009: Rs 10.008 million) as against the fair value of Rs 13.342 million (2009: Rs 10.0 million).

31 NUMBER OF EMPLOYEES

As at June 30, 2010 the Institute had 153 full time employees (2009: 149) and 3 part time employees (2009: 5).

Notes to the Financial Statements

For The Year Ended June 30, 2010

32 MOVEMENT BETWEEN GENERAL AND ENDOWMENT FUNDS

During the year, the Council approved transfer amounting to nil (2009: Rs. 11 million) from General Fund to Students' Endowment Fund.

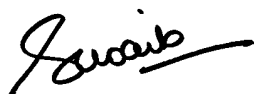
33 CORRESPONDING FIGURES

Corresponding information has been re-arranged and re-classified, wherever necessary, for the purpose of comparison. For the purpose of better presentation significant reclassification include the following:

		Rupees in million
Balance sheet		
From	To	
Accrued profit on short term investments	Specific Fund	0.138
Accrued profit on short term investments	Endowment Fund	0.292
Accrued profit on short term investments	Short term investments	1.462
Profit and loss account		
From	To	
Employees health insurance	Salaries, allowances and other benefits	1.162
Other operating income	Finance income	0.355

34 DATE OF AUTHORISATION FOR ISSUE

The Council of the Institute authorised these financial statements for issue on July 24, 2010.



SECRETARY



PRESIDENT