

# The Institute of Chartered Accountants of Pakistan Benevolent Fund

## ANNUAL REPORT 2010



### **ICAP Benevolent Fund Office**

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**REMEMBER**

*37<sup>th</sup> annual general meeting*  
*On*  
***Tuesday, 10th August, 2010***  
*at 5:00 p.m at ICAP House Karachi.*

**NOTICE OF ANNUAL GENERAL MEETING**

The 37<sup>th</sup> annual general meeting of the members of The Institute of Chartered Accountants of Pakistan Benevolent Fund (the Fund) will be held as per the following schedule:

**Date : Tuesday, 10<sup>th</sup> August, 2010**

**Time : 5:00 p.m.**

**Venue: ICAP House, Karachi**

Following business shall be transacted:

1. Fateha for deceased members.  
*(Names of the members who expired during the year are mentioned in the Report of the Management Committee)*
2. Confirmation of minutes of the 36<sup>th</sup> annual general meeting.
3. Consideration and adoption of annual report, financial statements of the Fund and auditor's report thereon for the year ended June 30, 2010.
4. Consideration and adoption of revised rules of the Fund.
5. Appointment of auditor for the year ending June 30, 2011 and to fix his remuneration.
6. Any other business with the permission of the Chair.

By order of the Management Committee of the Fund

Shakeel Ahmad



Secretary

Karachi: July 22, 2010

## Composition of the Management Committee

### Management Committee 2009-2010

Mr. Khaliq-ur-Rahman, FCA - President

#### **Members:**

Mr. Abdul Wahid, FCA

Mr. Majeed Uddin Khan, FCA

Mr. Mohammed Rafiuddin Hyder, FCA

Mr. Yunus Haji Isa Dada, FCA

Mr. Liaquat Ali, FCA

Mr. Altaf Noor Ali, ACA

Mr. Rashid Ibrahim, FCA

Mr. Rana Muhammad Usman Khan, FCA

Mr. Asif Anwer Karim, FCA

Mr. Irfan Ilyas, FCA

Mr. Muhammad Ahmad Shahid, FCA

Mr. Rashid Masood Alam, ACA

Mr. Muhammad Nasir Munir, FCA

Mr. Ravi Shanker, ACA \*

Mr. Iftikhar Taj, FCA

\* Resigned from the Committee for reason of his appointments overseas.

The above members shall retire at the conclusion of the 37<sup>th</sup> annual general meeting.

### Management Committee 2008-2009

Mr. Khaliq-ur-Rahman, FCA - President

#### **Members:**

Mr. Abdul Wahid, FCA

Mr. Mohammad Abdul Qadir, FCA

Mr. Majeed Uddin Khan, FCA

Mr. Abdul Rahim Suriya, FCA

Mr. Mohammed Rafiuddin Hyder, FCA

Mr. Liaquat Ali, FCA

Mr. Altaf Noor Ali, ACA

Mr. Abdul Rashid, FCA

Mr. Rashid Ibrahim, FCA

Mr. Naeem Akhtar Sheikh, FCA

Mr. Rana Muhammad Usman Khan, FCA

Mr. Waseem Ashfaq, FCA

Mr. Pervez Ismail, ACA

Mr. Rashid Masood Alam, ACA \*

\*Co-opted during the year.

#### **Secretary**

Mr. Shakeel Ahmad

#### **Auditor**

Mr. Taher H. Moochhala, FCA  
Chartered Accountant

#### **Acting Secretary**

Mr. Shakeel Ahmad

#### **Auditor**

Mr. Hyder Ali Bhimji, FCA  
Chartered Accountant

## Salient Features

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- **Formation:**

The Council of the Institute of Chartered Accountants of Pakistan (ICAP) established the ICAP Benevolent Fund (the Fund) on December 23, 1972. Its activities are governed by the Institute of Chartered Accountants of Pakistan Benevolent Fund Rules. These are available on the website of the Institute at [www.icap.org.pk](http://www.icap.org.pk)

- **Annual subscription:**

- for ordinary membership..... Rs. 750 per annum [2009: Rs. 500]
- for life membership..... Rs. 2,650 one time only

- **Objectives:**

- to provide relief to the necessitous persons who are or have been members of the Institute and to necessitous wives, widows, children and dependents of such members.
- to provide financial assistance for maintenance and education of deserving persons who are or have been trainee students of the Institute, and to spouse, children of such trainee students
- to arrange group life, health care and other general purpose schemes for the benefit of the members.

- Group Life and Health Insurance Schemes are optional for members of the Fund.

- **Participation by members:**

A member may assist the Fund and the fellow members by:

- proposing any deserving case for financial assistance by the Fund,
- raise contributions and donations to augment the financial resources of the Fund
- interacting with the members of the Management Committee personally or in writing with ideas for further consideration; and
- a member may also advise members of the usefulness of the group life and health care insurance schemes and convince them to participate

- **Procedure of providing financial assistance:**

On receipt of the information about death of a member or a living member in distress, a sub-committee of two members visits the family to evaluate the need for financial assistance and makes recommendation to the Committee. The Committee, after due consideration takes decision on the merit of each case.

## Report of the Management Committee for the year ended June 30, 2010

The Management Committee (the Committee) of the Institute of Chartered Accountants of Pakistan Benevolent Fund (the Fund) is pleased to welcome you at the 37<sup>th</sup> annual general meeting of the members of the Fund.

The Committee is pleased to present this report along with the audited financial statements of the Fund for the year ended June 30, 2010 for your consideration and approval. The highlights of the major events are summarized below:

### 1. Membership of the Fund:

Category	2010	20 09
Ordinary members	4,503	4,094
Life members	206	199
<b>Total</b>	<b>4,709</b>	<b>4,293</b>

Subscription received for the year ended June 30:

Category	Rate Rs.	Members Nos.	2010 (Rupees)	2009 (Rupees)
Annual membership	500	4,503	2,251,540	2,116,608
Life membership	2,650	7	18,050	18,550
<b>Total</b>		<b>4,510</b>	<b>2,269,590</b>	<b>2,135,158</b>

#### Condolences:

We regret the loss of following honorable members of the Institute who left us for heavenly abode:

Name	(Reg. #)	Date of demise
Mr. Muhammad Ibrahim Sheikh	(383)	29-07-09
Mr. Tufail Mohammad	(625)	01-06-10
Mr. Hamid Hasan Khan Sherwani	(688)	30-10-09
Mr. Muhammad Akram Chaudhry	(720)	11-06-10
Mr. Abdul Rashid Khan	(821)	30-09-09
Mr. Abdul Qadir	(1565)	15-01-10
Mr. Shehzad Ahmed	(5655)	03-03-10
Mr. Inayat Ullah Chaudhry	(915)	12-07-10

Members are requested to recite Fateha for the departed souls.

### 2. Financial assistance:

The Fund continued to provide financial assistance to its members, families of the deceased members as well as students. This covers day to day essential maintenance, medical, educational, marriage and other expenses. During the year, the Fund provided financial assistance to eighteen (18) families, aggregating to Rs.4,958,250 [2009: Rs. 3,804,117 eighteen (18) families] as per the details given below:

Details	Families	Rupees	Remarks
Year 2008-09	18	3,804,117	Financial assistance for previous year
Increments		1,142,133	Increase in financial assistance approved by Management Committee.
Reduction	-1	(33,000)	Assistance to a student discontinued on obtaining employment during the year.
New cases	1	45,000	Temporary assistance provided to a member in financial distress.
<b>Total</b>	<b>18</b>	<b>4,958,250</b>	

Break-up of the financial assistance to the members and families of the deceased members is broadly shown below:

Year	2010		2009	
	Numbers	Amount (Rupees)	Numbers	Amount (Rupees)
Members	4	1,119,600	3	804,000
Families of deceased members				
For maintenance, medical & other expenses	11	2,844,000	11	2,328,000
For education of children	3	869,650	3	639,117
For marriage of daughter		125,000		-
Student	-	-	1	33,000
<b>Total</b>	<b>18</b>	<b>4,958,250</b>	<b>18</b>	<b>3,804,117</b>

In addition to the above, the Fund approved a study loan for Rs.39,998 to a student (son of a late member). This loan has been provided on personal guarantee of a member which will be repaid by the student after three years on completion of his studies or securing a suitable employment.

The Committee, during the year, enhanced the amount of financial assistance to enable the members and families of the deceased members to meet ongoing inflation and rising cost of living. The objective is, as far as possible, to provide comfortable and respectable living to such families.

### 3. Group term insurance scheme:

The Fund has administered group life insurance scheme for the member since the past several years. During the year under review, the scheme has been converted from conventional insurance to Islamic concept of Takaful in deference to the wishes of the members indicated by them at different forums including the annual general meetings. It is expected that the members will join the scheme in large numbers. The scheme has been designed for four core groups as mentioned below:

- Regular scheme for members below 60 years of age
- Scheme for members in 60 – 64 years age bracket
- Scheme for senior members over 65 to 70 years age bracket
- Scheme for trainee students (registered with C.A. firms)

#### *Sum insured & premium rates:*

Plan	Coverage (Rupees)	Members – Age Groups			Students
		Below 60 yrs	60 to 64 yrs	65 to 70 yrs	18 to 60 yrs
A	2,000,000	7,800	7,200	N/A	N/A
B	1,500,000	5,850	5,400	N/A	2,175
C	1,000,000	3,900	3,600	N/A	1,450
D	750,000	2,925	2,700	N/A	1,088
E	500,000	1,950	1,800	13,320	725
<b>Rate / 1,000 sum insured (Rupees)</b>		<b>3.90</b>	<b>3.60</b>	<b>26.64</b>	<b>1.45</b>

A summary of benefits available under the scheme has been outlined in the box.

**Members' participation in group insurance scheme:**

Of 4,503 members of the Fund, 164 members joined the group insurance scheme in the year 2010 [2009: 163 out of 4,293].

Plan	Sum Assured	No. of Participants	
	(Rupees)	2010	2009
A	2,000,000	132	55
B	1,500,000	7	71
C	1,000,000	20	27
D	750,000	-	2
E	500,000	5	8
<b>Total</b>		<b>164</b>	<b>163</b>

The gross sum assured and the premium received from members during the year under review was as follows:

Plan	Categories of Sum Assured (Rupees)	Number of Members	Sum Assured (Rupees)	Premium (Rupees)
A	2,000,000	132	264,000,000	985,872
B	1,500,000	7	10,500,000	40,050
C	1,000,000	20	20,000,000	72,500
D	750,000	-	-	-
E	500,000	5	2,500,000	9,750
<b>Total</b>		<b>164</b>	<b>297,000,000</b>	<b>1,108,172</b>

**Summary of benefits covered:**

1. Payment of full sum assured in case of death due to any cause.
2. Additional payment equal to sum assured if death results from an accident.
3. Payment of the sum assured in case of permanent and total disablement due to natural causes, e.g. paralysis, brain hemorrhage etc.
4. Advance payment of 50% of sum assured in case of diagnosis of Terminal Illness. The remaining 50% sum assured will be payable after the event.

[Only 1 and 2 of above are applicable for category of 60 to 64 years of age. Only 1 is applicable for members in category 65 to 70 and students as well.]

Full policy document is available at the Institute's website [www.icap.org.pk](http://www.icap.org.pk)

Vigorous efforts were made by the members of the Managing Committee of the Fund to seek participation of more and more members in the scheme and also to render it viable for the insurer. These efforts included contacting members personally and through email, paying visits to C.A. firms and requesting their partners to switch over to these schemes, distribution of scheme brochures at different seminars and other get-to-gather occasions. Personal contacts to the members in individual capacity were also made to convince them of usefulness of the scheme.

An informal meeting of selected members was conducted at ICAP offices at Karachi, Lahore and Islamabad on video conferencing. This was purported to seek their support in promoting the schemes among the members, and seek their participation in large numbers.

Last but not the least, at the request of the Committee, a premium for insurance cover of Rs.500,000 was included, as an option, in the notices issued to the members for payment of annual membership fee to ICAP. This cover could be increased to larger amounts at the discretion of the members. Sufficient details in this respect were provided in these notices.

These efforts have borne fruit as a large number of members have sent their contributions for group takaful coverage for the ensuing year 2010-11. The number is expected to increase further as membership fee is paid by all members.

**4. Disbursement of insurance claim:**

On the demise of a member, claim for Rs. 2 million was lodged with the insurance company. It was promptly processed and within a period of 3 weeks, the claim cheque was handed over to his widow as per nomination.

**5. Health Insurance Scheme:**

The Fund took the initiative of finalizing arrangements with Askari General Insurance Co. Ltd to help the members covered against major and deadly diseases and hospitalization at a minimum cost.

*Cost of availing the scheme:*

There are two categories according to ages of members and their families which are as follows:

**Standard Minimum Premium (per person per annum):**

Category	Category A Upto 60 Years	Category B 61 to 80 Years
<b>Member</b>	<b>4,500</b>	<b>5,500</b>
<b>Spouse</b>	<b>*7,000</b>	<b>5,500</b>
<b>Child (per child)</b>	<b>2,500</b>	<b>2,500</b>

*The scheme provides flexibility to the members in that they may decide to participate in it singly or with wife and children at their option.*

The scheme was envisaged with an expected participation of more than 1,000 members. However, the Committee was able to persuade the insurer to start with 120 members. During the year, the Committee members vigorously pursued its objective to seek participation of a large numbers of members as committed to the insurers. By virtue of these efforts two of the leading firms switched from existing insurance arrangement to the scheme. Furthermore, the insurer was persuaded to include the employees of CA firms along with their dependents within the ambit of the scheme. This gave quite a boost to the overall participation as shown in the following table.

***Participation in health care scheme:***

Category	Members		Staff of CA Firms		Total	
	Numbers	Premium (Rupees)	Numbers	Premium (Rupees)	Numbers	Premium (Rupees)
<b>Members/Staff</b>	165	784,125	47	58,787	212	842,912
<b>Spouses</b>	74	359,000	8	6,183	82	365,183
<b>Spouses (with maternity)</b>	44	297,250	24	53,074	68	350,324
<b>Children</b>	128	315,500	31	77,500	159	393,000
<b>Total</b>	<b>411</b>	<b>1,755,875</b>	<b>110</b>	<b>195,544</b>	<b>521</b>	<b>1,951,419</b>

The scheme provided health care benefits to members as well as their dependents. Performance of the scheme is illustrated in the following tables:

*Number of claims lodged and received during the year:*

Claims	Total	Maternity	Hospitalization	Specialized Investigation
Lodged	22	6	14	2
Received	18	6	10	2
Pending	4	-	4	-

*Amount of claims lodged and received during the year:*

(Amount in Rupees) ==>	Total	Maternity	Hospitalization	Specialized Investigation
Claimed lodged	1,211,973	322,166	874,282	15,525
Claims sanctioned	1,028,259	295,917	716,817	15,525
Claims received	1,028,259	295,917	716,817	15,525
Claims pending	133,300	-	133,300	-

**6. Activities in perspective – 2009-10:**

During the year ended on June 30, 2010, the Fund has continued to meet its sacred obligations. It also undertook special projects for the benefit of the members. A brief account of the performance of the Fund appears below:

**6.1 Review of financial assistance:**

The Committee in its meeting of June 25, 2010, approved financial assistance of Rs. 5.3 million [Rs. 438,240/ month] for eighteen families. Further assistance and additional cases will be approved by the Committee during the year on a need basis.

**6.2 Investments:**

A sub-committee of the Fund looks after the financial resources of the Fund, their investment in profitable avenues and dis-investment at appropriate times. This helps in increasing the resources of the Fund.

**6.3 Free Seminar on Eye Care:**

At the initiative of a Committee member, a seminar on “Eye-Care” was arranged on 17th February, 2010 at ICAP House, Karachi to create awareness among members about eye related health and problems arising at an elder age. The program was conducted by a renowned eye specialist voluntarily.

**Statistics of the meetings:**

[Jul 2009 to Jun 2010]

**No. of meetings held : 07**                      **Attended**

Mr. Khaliq-ur-Rahman, FCA	7
Mr. Altaf Noor Ali, ACA	7
Mr. Rashid Masood Alam, ACA	7
Mr. Majeed Uddin Khan, FCA	6
Mr. Mohammed Rafiuddin Hyder, FCA	6
Mr. Abdul Wahid, FCA	5
Mr. Rashid Ibrahim, FCA	4
Mr. Liaquat Ali, FCA	3
Mr. Irfan Ilyas, FCA	3
Rana Muhammad Usman Khan, FCA	2
Mr. Ravi Shankar, ACA	2
*Mr. Iftikhar Taj, FCA	2
Mr. Asif Anwer Karim, FCA	1
Mr. Muhammad Nasir Munir, FCA	1
Mr. Yunus Haji Isa Dada, FCA	1
Mr. Muhammad Ahmad Shahid, FCA	-

\* Co-opted during the year on 26-Mar-2010

### **6.4 Review of Benevolent Fund Rules:**

Over a period of time the Fund felt the need of rationalization of the rules. It was long felt that the rules of the Fund be reviewed so that they truly reflect the state of affairs and also serve as an effective tool for the Committee in its decision making process.

A sub-committee was formed for this purpose. The sub-committee, after meticulous examination, has redrafted the rules. These have been considered and approved by the Managing Committee of the Fund. The revised rules are being presented for approval of the members at the AGM and thereafter these will be submitted to the Council of the Institute for final approval.

### **7. Proposals under consideration of the Committee:**

#### **7.1 Self-insurance:**

A sub-committee has been pursuing the idea of initiating the concept and had done some initial work. Owing to its nature and technical complexities, the project is likely to take some time for finalization. The Committee is hopeful of implementing it in the near future.

#### **7.2 Takaful Salary Saving / Investment Scheme:**

An Investment cum Takaful (life insurance) scheme is under consideration of the Fund. The proposed investment scheme will include an investment plan, based on monthly / yearly installments, in the existing Group Family Takaful Scheme Details of the scheme will be communicated to members shortly when finalized.

### **8. Donations to the Fund:**

The President of the Fund alongside a member of the Committee, made a detailed presentation of the objectives, scope of activities and the nature and volume of financial assistance provided to members and their families during the year and since its inception in 1972. The Council appreciated the noble work being performed by the Fund for extending assistance to members and families of deceased members. A request was made to the Council to increase the subscription of the Fund from Rs. 500 to Rs. 1,000 and to revive the annual contribution from ICAP. The Committee is thankful to the Council for providing an opportunity to present its point of view to the Council and also for increasing grant to the Fund from Rs.500,000 to Rs. 1 million annually.

Additionally, donations of Rs.38,700 [2009: Rs.163,500] have been received from three members. The Committee wishes to acknowledge its gratitude to the Institute and other donors and requests all members to make donations in the similar manner. This will enable the Committee to enlarge the scope of its activities for the benefit of members and their families at large.

### **9. Acknowledgement:**

The establishment of an independent secretariat has been a long felt requirement of the Committee to ensure service to the members and their families in a satisfactory manner as well as to provide effective administrative support to the Committee. The Committee is grateful to the President and Council of the ICAP for establishing the Benevolent Fund Secretariat and designating a full time officer as the Secretary of the Fund.

The Committee takes this opportunity to thank the Council and the management of the Institute for providing I.T. support including video / audio conferencing facilities and other useful services to the Fund.

The Committee wishes to thank the insurers Pak-Qatar Family Takaful Ltd. and Askari General Insurance Co. Ltd. for their support and services for benevolent 'group life insurance' and 'group medical insurance' schemes respectively.

Last but not the least, the Committee records its appreciation for the dedicated service rendered by the Secretary of the Fund and each and every individual at the Institute for their support and assistance provided to the Fund during the year under review.

### **10. Auditor:**

The Committee also expresses its gratitude to Mr. Taher H. Moochhala, FCA for his services as auditor of the Fund for the year under review.



Khaliq-ur-Rahman  
President

Karachi : July 22, 2010

## Auditor's Report to the Members

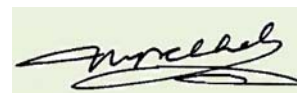
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I have audited the annexed statement of financial position of the **Institute of Chartered Accountants of Pakistan Benevolent Fund** as At June 30, 2010 and the related statement of cash flows together with the notes forming part thereof (collectively known as the 'financial statements') for the year then ended.

The Management Committee is responsible for establishing and maintaining a system of internal control, preparation and presentation of the financial statements in conformity with the approved accounting standards as applicable in Pakistan; my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted International Standards on Auditing. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Institute of Chartered Accountants of Pakistan Benevolent Fund as At June 30, 2010 in accordance with the approved accounting standards as applicable in Pakistan.



**Taher Moochhala**  
Chartered Accountant

Karachi:

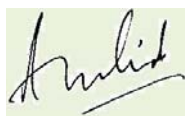
Dated: July 22, 2010

# Statement of Financial Position

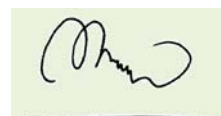
As at June 30, 2010

	Note	2010 Rupees	2009 Rupees Restated
<b>Assets</b>			
Investments	3	44,818,690	39,159,726
Institute of Chartered Accountant of Pakistan current account		1,696,240	2,261,602
Other receivables	4	290,884	216,875
Cash and bank balances		547,655	934,056
		<u>47,353,469</u>	<u>42,572,259</u>
<b>Current liabilities</b>			
Accrued liabilities		-	27,254
Refundable to members		135,097	-
Advance subscriptions		647,655	581,127
Advance life insurance premium from members	5	1,152,920	400,800
Advance health insurance premium from members	6	23,752	1,231,000
		<u>1,959,424</u>	<u>2,240,181</u>
<b>Net financial assets</b>		<u><u>45,394,045</u></u>	<u><u>40,332,078</u></u>
<b>Represented by:</b>			
Accumulated fund	7	44,555,223	39,531,956
Special reserve fund	8	838,822	800,122
		<u><u>45,394,045</u></u>	<u><u>40,332,078</u></u>

The annexed notes 1 to 10 form an integral part of these financial statements.



Abdulwahid  
Member



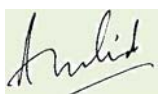
Khaliq-ur-Rahman  
President

# Statement of Cash Flows

For the year ended June 30, 2010

	2010 Rupees	2009 Rupees
<b>Cash flows from operating activities:</b>		
<b>Cash received from:</b>		
ICAP		
Annual subscription	2,185,012	2,001,235
Life member subscription	20,700	18,550
Current account	565,090	(933,407)
On account of a member	(34,000)	-
Member		
Life insurance premium	1,967,318	1,364,175
Health insurance premium	556,875	1,231,000
Loan to a student	(39,998)	70,000
Group takaful claim	2,000,000	-
Donations	1,038,700	163,500
	<b>8,259,697</b>	<b>3,915,053</b>
<b>Cash paid as:</b>		
Financial assistance to beneficiaries	4,958,250	3,804,117
Payments to vendors	-	179,088
Finance cost	-	820
Member		
Life insurance premium from members	1,092,325	1,036,706
Health insurance premium from members	1,753,625	-
Group takaful claim	2,000,000	-
	<b>9,804,200</b>	<b>5,020,731</b>
<b>Net cash flow from operating activities:</b>	<b>(1,544,503)</b>	<b>(1,105,678)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from maturity of DSCs	1,100,000	850,000
Proceeds from maturity of TDRs	1,500,000	26,500,000
Investments made in DSCs	(2,000,000)	-
Investments made in Special Saving Certificates	(5,500,000)	(29,000,000)
Investments made in TDRs	-	(4,000,000)
Return on investments - net	6,058,102	6,557,705
<b>Net cash flow from investing activities:</b>	<b>1,158,102</b>	<b>907,705</b>
Changes in cash at bank - net	<b>(386,401)</b>	<b>(197,973)</b>
Cash at bank at the beginning of the year	934,056	1,132,029
Cash at bank at the end of the year	<b>547,655</b>	<b>934,056</b>

The annexed notes 1 to 10 form an integral part of these financial statements.



Abdulwahid  
Member



Khaliq-ur-Rahman  
President

# Notes to the Financial Statements

For the year ended June 30, 2010

## 1. Status and nature of the Fund:

The Institute of Chartered Accountants of Pakistan Benevolent Fund (the Fund) was established by the Council of The Institute of Chartered Accountants of Pakistan (ICAP) at its meeting held on 23rd December 1972. The main objective of the Fund is to provide (a) relief to deserving persons who are or have been members of the Institute and spouse, children and dependents of such members; and (b) financial assistance for maintenance and education to deserving persons who are or have been trainee students of the Institute, as well as to spouse and children of such trainee students. Major source of fund is contributed by the members in the form of annual subscription which is not refundable.

A Management Committee of not less than seven members manages the Fund.

Since the Fund is an important and integral part of the Institute, its administrative and other related expenses are borne by the Institute itself. The income accruing from investments including term deposit receipts with banks and financial institutions is considered to augment the capacity of the Fund to meet its objective of providing financial assistance. As such income and expenditure account for the year has not been prepared.

## 2. Significant Accounting Policies:

### 2.1 Basis of preparation of financial statements:

Financial Statements are prepared under the historical cost convention except as otherwise stated in the respective policies and notes given hereunder and are in compliance with approved accounting standards as applicable in Pakistan.

### 2.2 Investments:

#### Initial measurement:

Investments are recognized initially at cost, which is the fair value of the consideration given for its purchase / acquisition.

#### Classification/subsequent measurement:

Investments made by the Fund are classified as follows:

#### 2.2.1 Held to maturity:

These are investments held by the Fund with the intent and ability to hold these till maturity. These are valued at cost plus accrued profit. Premium paid, if any, on acquiring such investments is treated as part of its cost. However, adjustment is made to bring the cost equal to net realizable value, should condition exist to recognize impairment in values of these investments.

#### 2.2.2 Available for sale:

These investments are stated at fair values, with resultant gain or loss recognized as separate component, disclosed as 'surplus (deficit) on their re-measurement. On disposal or permanent impairment, the accumulated gain or loss is adjusted accordingly in the statement of financial position.

**2.3 Members' contribution:**

Annual and life time subscription (one time only) from members is recognised on receipt basis and reported as 'annual subscription' and 'life membership subscription as the case may be.

Subscription received in advance is recognised as receipt for the year to which it relates.

**2.4 Return on investments:**

2.4.1 Return on 'debt instruments - held to maturity' is recognised on the effective interest rate method and is taken to 'accumulated fund' accordingly. Profit on 'bank deposits' is recognised on accrual basis. Up to year ended on June 30, 2009, this was being recognized on the basis of principal amount and the applicable rate of return, adjusted for time period. However, from the year under report, the management has revised the policy and this return is recognized on the basis of effective interest rate method as per provision of IAS-39. This is taken to 'accumulated fund' accordingly. As a result of this change in policy, the return has increased by Rs. 62,795 with consequent effect on the results for the year under report.

2.4.2 Capital gains / losses on sale of investments are taken to accumulated fund in the period in which they arise.

2.4.3 Dividend from investments is recognized when the right to receipt is established.

	Note	2010 Rupees	2009 Rupees
<b>3. Investments</b>			
Held to maturity	3.1	42,893,423	36,065,621
Available for sale	3.2	1,925,267	3,094,105
		<u>44,818,690</u>	<u>39,159,726</u>
<b>3.1 Investments - held to maturity</b>			
<b>At cost:</b>			
Defence Savings Certificates		2,000,000	1,100,000
Special Saving Certificates		34,500,000	29,000,000
Term Deposit Receipts		-	1,500,000
		<u>36,500,000</u>	<u>31,600,000</u>
<b>Accrued profit on:</b>			
Defence Savings Certificates		100,055	3,125,743
Special Saving Certificates		6,293,368	1,214,946
Term Deposit Receipts		-	124,932
		<u>6,393,423</u>	<u>4,465,621</u>
		<u>42,893,423</u>	<u>36,065,621</u>
<b>3.2 Investments - available for sale</b>			
Equity Shares	3.3	1,925,267	1,629,298
Open end mutual fund (net asset value)		-	1,464,807
		<u>1,925,267</u>	<u>3,094,105</u>
<b>3.3 Hub Power Company Ltd.</b>			
As on July 01		1,083,600	1,144,000
Surplus/ (Deficit) on re-measurement		194,800	(60,400)
Market value of 40,000 shares @ Rs. 31.96 [2009: Rs. 27.09]		<u>1,278,400</u>	<u>1,083,600</u>
<b>Fauji Fertilizer Co. Ltd.</b>			
As on July 01		545,698	604,040
Surplus/ (Deficit) on re-measurement		101,169	(207,114)
Market value of 4,565 shares @ Rs.103.07 [2009: Rs. 86.95]		<u>646,867</u>	<u>396,926</u>
Market value of 1,711 Bonus shares @ Nil [2009: Rs. 86.95]		-	148,772
Market value of 6,276 Bonus shares @ Rs. 103.07 [2009: Rs. 86.95]		<u>646,867</u>	<u>545,698</u>
<b>Total value of shares</b>		<u>1,925,267</u>	<u>1,629,298</u>

	2010 Rupees	2009 Rupees
<b>Pakistan Stock Market Fund (PSMF)</b>		
As on July 1	1,464,807	1,988,084
Redeemed value	(1,939,113)	-
Surplus/(Deficit) on re-measurement	474,306	(523,277)
<b>Net asset value</b>	<u>-</u>	<u>1,464,807</u>
<b>Surplus/(Deficit) on re-measurement of investments (available for sale)</b>		
As on July 1	(599,569)	42,450
<b>Surplus/(Deficit) on:</b>		
Hub Power Company Ltd - shares	194,800	(60,400)
Fauji Fertilizer Co. Ltd - shares	101,169	(58,342)
Pakistan Stock Market Fund (PSMF)	286,037	(523,277)
	582,006	(642,019)
<b>Net deficit</b>	<u>(17,563)</u>	<u>(599,569)</u>
<b>4. Other receivables</b>		
Return on investment	92,500	176,000
From ICAP on account of a member	34,000	-
From members	1,724	-
From insurers (excess takaful premium)	103,426	-
Accrued profit on PLS Account	19,236	40,875
From a student	39,998	-
	<u>290,884</u>	<u>216,875</u>
<b>5. Advance life insurance premium from members</b>		
As on July 1	400,800	-
Received during year	1,844,445	1,364,175
Premium allocation for the year	(1,092,325)	(963,375)
	<u>1,152,920</u>	<u>400,800</u>
<b>6. Advance health insurance premium from members</b>		
As on July 1	1,231,000	-
Received during year	546,375	1,231,000
Premium allocation for the year	(1,753,623)	-
	<u>23,752</u>	<u>1,231,000</u>

	Note	2010 Rupees	2009 Rupees Restated
<b>7. Accumulated Fund</b>			
As on July 01		40,131,525	36,871,740
<b>Members' subscription</b>			
Annual		2,251,540	2,116,608
Life membership		18,050	18,550
		<u>2,269,590</u>	<u>2,135,158</u>
<b>Return on investments - held to maturity</b>			
Defence Savings Certificates		434,312	830,982
Special Saving Certificates		5,078,422	1,214,946
Term Deposit Receipts		152,102	2,257,516
		<u>5,664,836</u>	<u>4,303,444</u>
<b>Remeasurement/sale/return on investments - available for sale</b>			
Hub Power Company Ltd.		166,500	94,000
Fauji Fertilizer Co. Ltd.		72,582	81,655
Gain on disposal of PSMF		188,269	-
		<u>427,351</u>	<u>175,655</u>
Return on bank deposits		37,734	110,139
Contribution received from ICAP		1,000,000	500,000
<b>Less:</b>			
Financial Assistance Expenses		(4,958,250)	(3,804,117)
		<u>-</u>	<u>(160,494)</u>
		<u>(4,958,250)</u>	<u>(3,964,611)</u>
		<u>44,572,786</u>	<u>40,131,525</u>
(Deficit) on re-measurement of investments		(17,563)	(599,569)
Closing balance		<u>44,555,223</u>	<u>39,531,956</u>
<b>8. Special reserve fund</b>			
As on July 01		800,122	636,622
Donations received for special reserve fund	8.1	38,700	163,500
Closing balance		<u>838,822</u>	<u>800,122</u>
<b>8.1</b>	The Special Reserve Fund was approved by the Management Committee at its meeting held on June 28, 2004. Its purpose is to provide financial assistance to families of deceased senior members of over 64 years of age exclusively. Donations received during the year for this purpose have been credited to this account.		
<b>8.2</b>	Special contribution from ICAP in the previous year was credited to special reserve fund now correctly reflected in the accumulated fund.		

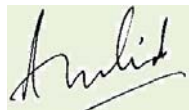
**9. Authorization**

These financial statements have been authorized by the Management Committee of the Fund on July 22, 2010.

**10. General**

**10.1** Figures for the previous year have been re-arranged to conform to the revised format of the financial statements.

**10.2** Figures have been rounded off to the nearest rupee.



**Abdulwahid**  
Member



**Khaliq-ur-Rahman**  
President

## Five Year Key Financial Highlights

