

The Institute of Chartered Accountants of Pakistan Benevolent Fund



**The Institute of
Chartered Accountants
of Pakistan**

ANNUAL REPORT 2011

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<u>CONTENTS</u>	<u>Page</u>
Composition of the Management Committee....	2
Salient features	3
Report of the Management Committee	4
Auditor's Report	13
Statement of financial position	14
Statement of cash flows	15
Notes to the financial statements	16
Five years key financial highlights	21

REMEMBER

38th annual general meeting
On
September 23, 2011
at 6:00 p.m at ICAP House Karachi.

NOTICE OF ANNUAL GENERAL MEETING

The 38th 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 : September 23, 2011

Time : 6:00 p.m.

Venue: ICAP House, Karachi

Following business shall be transacted:

1. Recitation from the Holy Quran followed by Fateha and minute of silence 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 37th annual general meeting already circulated to members via email.
3. Consideration and adoption of the Report of the Management Committee, Financial Statements of the Fund and Auditor's report thereon for the year ended June 30, 2011.
4. To pass the following resolution if considered fit by the members:

“The Management Committee of the Fund is authorized to transfer all minor amounts received in excess from the members or resulting from rounding off the rates of group takaful or health insurance premium to the Fund”
5. Appointment of auditor for the year ending June 30, 2012.
6. Any other business with the permission of the Chair.

By order of the Management Committee of the Fund

Shakeel Ahmad



Secretary

Karachi: September 8, 2011

Composition of the Management Committee

Management Committee 2010-2011

Khaliq-ur-Rahman, FCA - Chairman

Members:

Abdul Wahid, FCA

Majeed Uddin Khan, FCA

Mohammed Rafiuddin Hyder, FCA

Liaquat Ali, FCA

Altaf Noor Ali, ACA

Rashid Ibrahim, FCA

Rana Muhammad Usman Khan, FCA

Asif Anwer Karim, FCA

Irfan Ilyas, FCA

Muhammad Ahmad Shahid, FCA

Rashid Masood Alam, ACA

Iftikhar Taj, FCA

Mahmood Ahmed Qureshi, FCA

Rehan Mobin, FCA

Adeel Ahmad Khan, ACA

The above members shall retire at the conclusion of the 38th annual general meeting.

Secretary

Shakeel Ahmad

Auditor

Taher H. Moochhala, FCA
Chartered Accountant

Sub-Committees 2010-2011

Life Insurance sub-committee

Altaf Noor Ali Head

Mohammed Rafiuddin Hyder Member

Adeel Ahmad Khan Member

Health Insurance sub-committee

Majeed Uddin Khan Head

Rashid Ibrahim Member

Rehan Mobin Member

Investment sub-committee

Mahmood Ahmed Qureshi Head

Rashid Masood Alam Member

Visiting sub-committees

I (Karachi)

Altaf Noor Ali

Rashid Masood Alam

II (Karachi)

M. Rafiuddin Hyder

Rehan Mobin

III (Karachi)

Abdul Wahid

Adeel Ahmad Khan

IV (Lahore)

Rana M. Usman Khan

Irfan Ilyas

V (Islamabad)

Rashid Ibrahim

Asif Anwar Karim

VI (Peshawar)

M. A. Shahid

Fund raising sub-committees

I (Karachi)

Liaquat Ali

Rashid Masood Alam

II (Lahore)

Rana M. Usman Khan

Irfan Ilyas

III (Islamabad)

Rashid Ibrahim

Asif Anwar Karim

Salient Features

- **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

- **Annual subscription:**

- for ordinary membership..... Rs. 1,250 per annum [2010: Rs. 750]
- for life membership..... Rs. 2,650 one time only

- **Objectives:**

- the relief of necessitous persons who are or have been members of the Institute and of necessitous wives, widows, children and dependents of persons who are or have been members as aforesaid;
- to arrange group life, health care and other general purpose schemes for the benefit of the members of the Institute.; and
- to raise funds by organizing events in a befitting manner.

- 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

The Management Committee (the Committee) of the Institute of Chartered Accountants of Pakistan Benevolent Fund (the Fund) is pleased to welcome you at the 38th 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, 2011 for your consideration and approval. The highlights of the major events are summarized below:

1. Membership of the Fund:

Category	2011	2010
Ordinary members	5,093	4,503
Life members	212	206
Total	5,305	4,709

Subscription received for the year ended June 30:

Category	Rate Rs.	No. of Members	2011 (Rupees)	2010 (Rupees)
Annual membership	750/ 500	5,093	3,929,362	2,251,540
Life membership	2,650	6	15,900	18,050
Total		5,099	3,945,262	2,269,590

2. Financial assistance:

The Fund continued to provide financial assistance to its members and families of the deceased members. This covers day to day essential maintenance, medical, educational, marriage and other expenses. During the year, the Fund provided financial assistance to eighteen (18) members/families, aggregating to Rs.5,785,730 [2010: Rs. 4,958,250 eighteen (18) members/families] as per the details given below:

Details	Families	Rupees	Remarks
Year 2009-10	18	4,958,250	Financial assistance for previous year
Increments		477,780	Increase in financial assistance approved by Management Committee.
Reduction	-1	(45,000)	Temporary assistance provided to a member in financial distress discontinued on obtaining employment during the year.
New case	1	245,000	Financial assistance to the family of a deceased member approved during the year.
		150,000	Excess medical insurance claim refunded on behalf of a late member
Total	18	5,785,730	

Condolences:

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

Name	Reg.#	Date of Demise
Late Mian Abdul Malik	449	8-Jul-10
Late Inayat Ullah Chaudhry	915	12-Jul-10
Late Abu Bakar Izhar	4307	28-Jul-10
Late Syed Iftikhar Ali	779	30-Jul-10
Late Jamshed D. Bharucha	30	5-Oct-10
Late Sarfaraz H. Siddiqui	489	15-Oct-10
Late Shahid Hussain	2544	13-Nov-10
Late Akbarali G. Merchant	44	1-Jan-11
Late Salman Taseer	479	4-Jan-11
Late A. N. Khairullah	126	27-Feb-11
Late Sarwar Ali	665	20-Apr-11
Late M. Suleman Chaudhry	425	27-Apr-11
Late Mazhar Ali Khan	308	16-Jun-11
Late Syed Sadaqat Hussain	227	18-Jun-11
Late Mohammad Ahmed	1266	1-Jul-11
Late Hafizuddin Katariwala	132	2009*
Late Irfan Hasan	2049	Aug-2009*
Late M. Naeem Firdousi	2607	11-Nov-08*
Late N.K. Shahani	680	30-Dec-10
Late Mino B. Mana	50	6-Aug-11

Members are requested to recite Fateha and observe minute of silence for the departed souls.

*Information received during the year.

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

Year	2011		2010	
Categories	Numbers	Amount (Rupees)	Numbers	Amount (Rupees)
Members	3	1,192,080	4	1,119,600
Families of deceased members				
For maintenance, medical & other expenses	12	3,430,400	11	2,844,000
For education of children	3	1,013,250	3	869,650
For marriage of daughter		-		125,000
Refunded excess health insurance claim paid on behalf of a late member	-	150,000	-	-
Total	18	5,785,730	18	4,958,250

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 members/families.

3. Group term insurance scheme:

The Fund has been administering group life insurance scheme for the member since past several years. On persistent demand of the members, the arrangement was converted from conventional insurance to Islamic concept of Takaful in the recent past. Due to this reason and rigorous campaign of the Committee the scheme attracted quite a large number of members. The scheme was 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 for year 2010-11:

Details of sum insured options available to each group with premium rates have been shown in the following table:

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
Rate / 1,000 sum insured (Rupees)		3.90	3.60	26.64	1.45

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

Members' participation in group insurance scheme:

Of 5,093 members of the Fund, 555 members joined the group insurance scheme in the year 2011 [2010: 164 out of 4,503].

Plan	Sum Assured (Rupees)	No. of Participants	
		2011	2010
A	2,000,000	269	132
B	1,500,000	21	7
C	1,000,000	43	20
D	750,000	1	-
E	500,000	221	5
Total		555	164

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 accidental or 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.]

Full policy document is available at the Institute's website www.icap.org.pk

Sum insured and premium received from members:

The 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 Covered	Sum Assured (Rupees)	Premium (Rupees)
A	2,000,000	252	504,000,000	1,864,513
B	1,500,000	37	55,000,000	180,141
C	1,000,000	40	40,000,000	141,164
D	750,000	1	750,000	2,925
E	500,000	220	110,000,000	411,437
Total		550	709,750,000	2,600,180

Coverage to five members was not confirmed due to underwriting requirements outstanding on part of the members, pending medical examinations, and members exceeding the maximum age limit defined as per policy. The premium paid by such members was refunded during the year under report.

The Committee continued its endeavor to increase awareness of group takaful scheme and its benefits among the members of the Institute. Vigorous efforts were made by the members of the Committee to seek participation of a large number of 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.

Additionally, the matter related to the scheme was placed on the website of the Institute for easy access of the members and also published in the monthly Newsletters of the Institute.

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 the notices.

As a result of these efforts, a large number of members sent their contributions for group takaful coverage as shown in the table above.

In keeping with the trend, a large number of members have already sent their contributions for the ensuing year 2011-12. The number is expected to increase further as membership fee is paid by all members.

4. Disbursement of insurance claim:

No claim was reported / lodged during the year under report. Last year, one claim for Rs. 2 million was lodged with the insurance company which was promptly processed and the claim cheque was handed over to the widow as per nomination.

5. Health Insurance Scheme:

Health insurance scheme was introduced in year 2009-10. The arrangements were finalized with Askari General Insurance Co. Ltd to provide the members coverage against major and deadly diseases and hospitalization at a minimum cost. While renewing the arrangements for the year under report, the Management Committee of the Fund decided to continue the arrangements with Askari Health.

Benefit Plans:

Member Categories ----->	Plan A Members Upto 60 Yrs	Plan B Members 61 to 80 Yrs	Plan C Non-Members upto 60 Yrs	Plan D Non-Members upto 60 Yrs
Room Rent	5,000	5,000	3,750	2,500
Total Room Rent For 15 Days	75,000	75,000	56,250	37,500
Total Per Person Per Confinement / Ailment	150,000	150,000	112,500	75,000
50% enhancement of hospitalization limit in case of on (road traffic accidents only) and off road accidents	75,000	75,000	56,250	37,500
Total per person per confinement / ailment in case of on and off road accidents	225,000	225,000	168,750	112,500
Maternity Benefits				
Normal Delivery	40,000	N/A	30,000	20,000
Cesarean Section	100,000	N/A	75,000	50,000
Out Patient Benefit	N/A			
Dread disease for members, spouses and children	500,000	500,000	375,000	250,000
Specialized investigation on OPD basis per family annual	25,000	25,000	18,750	12,500
Day Care Surgeries	Covered			
Intra Ocular Lens Implant	Covered			
Pre & post - hospitalization expenses for one week & two weeks respectively will be covered	Covered			

Cost of availing the scheme:

Following premium was charged from members and employees of CA firms according the age groups and benefit plans as illustrated in the benefit plans:

Standard Minimum Premium (per person per annum):

Premium per person	Plan A Members	Plan B Members	Plan C Non-members	Plan D Non-members
Member / Employee / Spouse < 60 Years	5,220	-	3,915	3,132
Member / Spouse (60 to 80 Years)	-	6,380	-	-
Spouse (with maternity cover)	8,120	n/a	6,090	4,872
Spouse (without maternity cover)	5,220	6,380	3,915	3,132
Child (upto 23 years)	2,900	2,900	2,175	1,740
Child (over 23 years)	5,220	5,220	3,915	3,132

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

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, a large number of members as well a leading firm of Chartered Accountants joined the scheme. The overall participation has been 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)
Members/Staff	128	673,084	74	264,813	202	937,897
Spouses	73	389,202	7	30,541	80	419,743
Spouses (with maternity)	31	220,650	46	262,860	77	483,510
Children	121	381,060	96	224,695	217	605,755
Total 2011	353	1,663,996	223	782,909	576	2,446,905
Total 2010	411	1,755,875	110	195,544	521	1,951,419

The scheme provided health care benefits to members as well as their dependents for planned as well as emergent medical needs, maternities and dread diseases. The performance of the scheme has been illustrated in the following tables:

Number of claims lodged and received during the term:

Claims	Total	Hospitalization	Maternity	Dread Disease
Lodged	38	23	10	5
Declined	2	1	1	0
Received	24	12	8	4
Pending	12*	9	2	1

* 8 claims have been lodged during the last two weeks of the policy period

Amount of claims lodged and received during the term:

(Amount in Rupees) ==>	Total	Hospitalization	Maternity	Dread Disease
Claims lodged	1,816,696	847,835	477,335	491,526
Claims sanctioned	1,285,996	394,705	399,765	491,526
Claims received	1,074,124	379,705	358,893	335,526
Claims pending	508,210	295,831	56,379	156,000

6. Activities in perspective – 2011-12:

During the year ended on June 30, 2011, 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 Revision of Rules of the Fund:

Revised rules of the Fund were finalized during the last year. These were also approved by the members at the AGM. However, the rules were finally endorsed by the Council of the Institute during the year under review. Revised rules are also available at the website of the Institute.

6.2 Review of financial assistance:

The Committee in its meeting of June 24, 2011, approved financial assistance of Rs. 6.54 million [Rs. 545,000/ month] for eighteen families. Further assistance and additional cases will be approved by the Committee during the year on a need basis.

6.3 Review of Group Takaful Scheme:

The Fund has been administering group takaful / life insurance scheme since past several years. The scheme offered compensation upto Rs.2 million to the families of insured against a nominal premium in case of loss of life. Considering the impact of ongoing inflation and decrease in the value of sum insured, the Committee decided to enhance the sum insured from the ensuing year to a maximum of Rs.4 million.

Statistics of the meetings:

[Jul 2010 to Jun 2011]

No. of meetings held : 7

Attended

Khaliq-ur-Rahman, FCA	7
Abdul Wahid, FCA	7
Majeed Uddin Khan, FCA	6
Altaf Noor Ali, ACA	6
Rashid Masood Alam, ACA	6
Mohammed Rafiuddin Hyder, FCA	4
Rashid Ibrahim, FCA	4
Liaquat Ali, FCA	4
Rehan Mobin, FCA*	4
Adeel Ahmad Khan, ACA*	4
Rana Muhammad Usman Khan, FCA	3
Mahmood Ahmed Qureshi, FCA*	3
Iftikhar Taj, FCA	2
Asif Anwer Karim, FCA	2
Muhammad Ahmad Shahid, FCA	2
Irfan Ilyas, FCA	1
* Joined / co-opted during the year in December 2010.	

The sub-committee responsible to finalize the scheme was authorized by the Committee to minutely review the exclusions mentioned in the Accidental Death Benefit (ADB) clause and persuade the insurers to cover the loss of life due to terrorism under ADB clause. The sub-committee was equal to the task and hence the scope of coverage has been increased.

Finally, the Chairman and group takaful sub-committee visited the insurers to finalize the arrangements for the ensuing year 2011-12. Since no claim was lodged during the year under review, the insurers agreed to reduce the rates of premium by Rs.0.10/thousand rupees takaful sum as no-claim bonus to all the participants of the scheme.

6.4 Review of group health insurance scheme:

In line with the spirit of the golden jubilee celebrations of the Institute, the Benevolent Fund of the Institute has been able to finalize a revised health care scheme at very economical rates and on more beneficial terms for members and their families, applicable from August 01, 2011.

Following is the brief description of scope of coverage in comparison with the previous arrangement:

- Room & board limit has been increased from Rs 5,000 per day to the facility of private room of any hospital, irrespective of room rent;
- Basic hospitalization limit of Rs. 150,000;
- Major Medical Care limit of Rs. 500,000, previous arrangement covered only selected diseases referred as ‘Dread Diseases’;
- Annual Aggregated limit per person is Rs. 650,000;
- Pre & post hospitalization out patient expenses (including investigations, consultations and medicines) cover for 30 days, compared to previous covered for only 2 weeks and 1 week respectively;
- Maternity limits have been increased by 30% - Normal delivery: Rs. 70,000 and Caesarian/Multiple Births: Rs. 130,000; previous cover was for Rs.40,000 and Rs.100,000 respectively.
- Maximum age limit for basic hospitalization & Major medical Care has been increased to 80 years covering all types of medical care including dread or major diseases for members, spouses and children. Previously major hospitalization cover was restricted to an age limit of 65 years;
- Declared / undeclared pre-existing conditions / pregnancies are fully covered, previously these not covered;
- Health declaration (Questionnaire Form) is not required, previously this was required;
- Coverage of Psychiatric treatment is available, previously not available;
- Parents of the members can also be covered. However, participation of members along with spouse and children is mandatory to include the parents.

The Management Committee of the Fund, after discussions with various insurance companies decided to obtain insurance coverage from Asia Care Health & Life Insurance Company Ltd. Asia Care enjoys good reputation in the market and is exclusively engaged in providing Health Insurance services. Independent assessment of their services and procedural issues from the reputable hospitals and a large number of their clients was obtained. Asia Care enjoys the largest network of panel hospitals i.e. 180 hospitals across 34 cities in Pakistan. Complete credit facility is available for hospitalization on panel hospitals and reimbursement facility is available for non-panel claims. Panel Hospitals can be increased on members request and the acceptance by the hospital.

Asia Care will issue Health Cards but all the details of the members will be available on their computer system. This means that if member or his dependent does not possess card at the time of emergency, s/he will get the admission by contacting the 24/7 helpline number of Asia Care.

More detailed information including comparative position of revised arrangements and the existing coverage as well as the rates for coverage are shown in the brochure of the scheme sent to members along with the Newsletter and Pakistan Accountant. Complete information of the scheme together with participation form, policy document, list of hospitals and relevant forms have been placed at the Institute's website www.icap.org.pk.

The Fund has made all possible arrangements for the benefit and convenience of the members. Members are encouraged to suggest improvements which will receive our utmost attention.

We sincerely expect that all our members who are presently covered under the existing arrangements and those who are not so far covered would take advantage of the efforts made by your Benevolent Fund as explained above.

6.5 Age data-base analysis:

A sub-committee has been formed with the purpose to analyze members' data base to identify senior members who may be in need of support of the Fund. The sub-committee has made some recommendations which have been discussed in the Management Committee's meeting. Considering the delicacy of the matter, the Committee has proposed to seek the help of the Council for initiating a survey of senior members in line with golden jubilee celebrations of the Institute. The responses from the proposed survey would definitely guide the Committee in identification of such members.

7. Proposals under consideration of the Committee:

7.1 Pay Continuation Scheme:

A sub-committee is in the process of negotiating the scheme with a renowned corporation in the insurance sector. As the name depicts, the scheme would ensure payments of a certain amount say Rs.50,000/- on monthly basis to the family of a deceased member for a period of 15 years or till the time the insured would have attained 60 years of age.

An initial proposal has been discussed in the Management Committee meeting and the sub-committee has been advised to further negotiate the terms in the best interest of members.

7.2 Fund raising programs:

Two sub-committees have been formed for the purpose of organizing events to raise funds in order to augment and strengthen the Fund's base. Sub-committee responsible for the Southern Region is in the process of finalizing an event in Karachi which is expected to be held in the second quarter of 2011.

8. Grants / Donations to the Fund:

The Fund operates on the concept of self reliance for the benefit of distressed members of the Institute and deserving families of deceased members. Members' contributions and income from investments are the primary sources for the Fund to meet this sacred objective. However, donations from the Institute, its members and firms also play an important role to strengthen the Fund.

The Chairman of the Benevolent Committee was invited by the Council of the Institute to make 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. 750 to Rs. 1,500 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. The Committee wishes to acknowledge its gratitude for increasing members' annual subscription to the Fund from Rs.750/- to Rs.1,250/- and for the grant of Rs.1 million for the coming year 2011-12.

9. Acknowledgement:

The Committee is grateful to the President and Council of the ICAP for their continued support to the Fund. The Committee takes this opportunity to thank the Council and the management of the Institute for providing all administrative 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 'group life insurance' and 'group medical insurance' schemes respectively.

Last but not the least, the Committee records its appreciation for each and every individual at the Institute for his/her 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
Chairman

Karachi: August 10, 2011

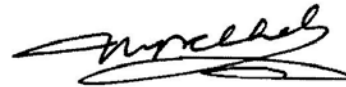
Auditor's Report to the Members

I have audited the annexed statement of financial position of the **Institute of Chartered Accountants of Pakistan Benevolent Fund** as At June 30, 2011 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, 2011 in accordance with the approved accounting standards as applicable in Pakistan.



Taher Moochhala
Chartered Accountant

Karachi:

Dated: August 10, 2011

Statement of Financial Position

As at June 30, 2011

	Note	2011 Rupees	2010 Rupees
Assets			
Investments	3	50,963,655	44,818,690
Institute of Chartered Accountant of Pakistan current account		2,086,873	1,696,240
Other receivables	4	52,737	290,884
Cash and bank balances		59,937	547,655
		<u>53,163,202</u>	<u>47,353,469</u>
Current liabilities			
Refundable to members	5	5,500	135,097
Advance subscriptions		1,476,900	647,655
Advance life insurance premium from members	6	1,587,894	1,152,920
Advance health insurance premium from members	7	-	23,752
		<u>3,070,294</u>	<u>1,959,424</u>
Net financial assets		<u><u>50,092,908</u></u>	<u><u>45,394,045</u></u>
Represented by:			
Accumulated fund	8	49,254,086	44,555,223
Special reserve fund	9	838,822	838,822
		<u><u>50,092,908</u></u>	<u><u>45,394,045</u></u>

The annexed notes 1 to 11 form an integral part of these financial statements.



Abdul Wahid
Member



Khaliq-ur-Rahman
Chairman

Statement of Cash Flows

For the year ended June 30, 2011

	2011 Rupees	2010 Rupees
Cash flows from operating activities:		
Cash received from:		
ICAP		
Annual subscription	4,758,607	2,185,012
Life member subscription	15,900	20,700
Current account	(434,295)	565,090
On account of a member	34,000	(34,000)
Member		
Life insurance premium	3,035,154	1,967,318
Health insurance premium	1,644,042	556,875
Loan to a student	-	(39,998)
Group takaful claim	-	2,000,000
Donations	-	1,038,700
	9,053,408	8,259,697
Cash paid as:		
Financial assistance to beneficiaries	5,785,730	4,958,250
Refund to members	43,920	-
Member		
Life insurance premium from members	2,496,754	1,092,325
Health insurance premium from members	1,655,844	1,753,625
Group takaful claim	-	2,000,000
	9,982,248	9,804,200
Net cash flow from operating activities:	(928,840)	(1,544,503)
Cash flows from investing activities:		
Proceeds from maturity of DSCs	-	1,100,000
Proceeds from maturity of TDRs	-	1,500,000
Investments made in DSCs	-	(2,000,000)
Investments made in Special Saving Certificates	-	(5,500,000)
Return on investments - net	441,122	6,058,102
Net cash flow from investing activities:	441,122	1,158,102
Changes in cash at bank - net	(487,718)	(386,401)
Cash at bank at the beginning of the year	547,655	934,056
Cash at bank at the end of the year	59,937	547,655

The annexed notes 1 to 11 form an integral part of these financial statements.



Abdul Wahid
Member



Khaliq-ur-Rahman
Chairman

Notes to the Financial Statements

For the year ended June 30, 2011

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 relief to deserving persons who are or have been members of the Institute and spouse, children and dependents of such members. Major source of the Fund is contributed by the members in the form of annual subscription which is non 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 aforesaid. As such income and expenditure account is not 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 recognized on receipt basis and reported as 'annual subscription' and 'life membership subscription as the case may be.

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

2.4 Return on investments:

2.4.1 Return on 'investments - held to maturity' is recognized on the effective interest rate method as per provisions of IAS-39 and is taken to 'accumulated fund' accordingly. Profit on bank deposits is recognized on an accrual basis.

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.

Notes to the Financial Statements

	Note	2011 Rupees	2010 Rupees
3. Investments			
Held to maturity	3.1	48,284,160	42,893,423
Available for sale	3.2	2,679,495	1,925,267
		50,963,655	44,818,690
3.1 Investments - held to maturity			
At cost:			
Defence Savings Certificates		2,000,000	2,000,000
Special Saving Certificates		34,500,000	34,500,000
		36,500,000	36,500,000
Accrued profit on:			
Defence Savings Certificates		529,701	100,055
Special Saving Certificates		11,254,459	6,293,368
		11,784,160	6,393,423
		48,284,160	42,893,423
3.2 Investments - available for sale			
Equity Shares	3.2.1	2,679,495	1,925,267
Open end mutual fund (net asset value)	3.2.2	-	-
		2,679,495	1,925,267
3.2.1 Hub Power Company Ltd.			
As on July 01		1,278,400	1,083,600
Surplus on re-measurement		221,600	194,800
Market value of 40,000 ordinary shares @ Rs. 37.50 [2010: Rs. 31.96]		1,500,000	1,278,400
Fauji Fertilizer Co. Ltd.			
As on July 01		646,867	545,698
Surplus on re-measurement		532,629	101,169
Market value of 7,845 ordinary shares @ Rs.150.35 [2010: Rs. 103.07]		1,179,496	646,867
Total value of shares		2,679,496	1,925,267
3.2.2 Pakistan Stock Market Fund (PSMF)			
As on July 01		-	1,464,807
Redeemed value		-	(1,939,113)
Surplus/(Deficit) on re-measurement		-	474,306
Net asset value		-	-

	Note	2011 Rupees	2010 Rupees
3.2.3 Surplus/(Deficit) on re-measurement of investments (available for sale)			
As on July 01		(17,563)	(599,569)
Surplus/(Deficit) on:			
Hub Power Company Ltd - ordinary shares		221,600	194,800
Fauji Fertilizer Co. Ltd - ordinary shares		532,628	101,169
Pakistan Stock Market Fund (PSMF)		-	286,037
		754,228	582,006
Net surplus / (deficit)		736,665	(17,563)
4. Other receivables			
Return on investment		-	92,500
From ICAP on account of a member		-	34,000
From members		1,509	1,724
From insurers (excess takaful premium)		-	103,426
Accrued profit on PLS Account		11,230	19,236
From a student		39,998	39,998
		52,737	290,884
5. Refundable to members			
As on July 01		135,097	-
Group life insurance premium		190,215	124,597
Health insurance premium		5,500	10,500
Refunded/ adjusted during the year		(57,020)	-
Transferred to advance group life insurance subscription		(214,544)	-
Excess group takaful premium taken to fund		(53,748)	-
		5,500	135,097
6. Advance life insurance premium from members			
As on July 01		1,152,920	400,800
Received during year		3,010,825	1,844,445
Transferred from refundable from members		214,544	-
Premium allocation for the year		(2,600,180)	(1,092,325)
Refundable to members		(190,215)	-
		1,587,894	1,152,920
7. Advance health insurance premium from members			
As on July 01		23,752	1,231,000
Received during year		1,644,040	546,375
Premium allocation for the year		(1,662,292)	(1,753,623)
Refundable to members		(5,500)	-
		-	23,752

	Note	2011 Rupees	2010 Rupees
8. Accumulated Fund			
As on July 01		44,555,223	39,531,956
Members' subscription			
Annual		3,929,362	2,251,540
Life membership		15,900	18,050
		<u>3,945,262</u>	<u>2,269,590</u>
Return on investments - held to maturity			
Defence Savings Certificates		429,646	434,312
Special Saving Certificates		4,961,091	5,078,422
Term Deposit Receipts		-	152,102
		<u>5,390,737</u>	<u>5,664,836</u>
Re-measurement/sale/return on investments - available for sale			
Return on investments		272,210	239,082
Surplus on re-measurement of investments		754,228	582,006
Gain on disposal of Pakistan Stock Market Fund		-	188,269
		<u>1,026,438</u>	<u>1,009,357</u>
Return on bank deposits		68,408	37,734
Contribution received from ICAP		-	1,000,000
Excess group takaful premium taken to the Fund		53,748	-
Less:			
Financial Assistance		(5,785,730)	(4,958,250)
Closing balance		<u>49,254,086</u>	<u>44,555,223</u>
9. Special reserve fund			
As on July 01		838,822	800,122
Donations received for special reserve fund	9.1	-	38,700
Closing balance		<u>838,822</u>	<u>838,822</u>

9.1 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.

10. **Authorization:**
These financial statements have been authorized by the Management Committee of the Fund on August 10, 2011.

11. **General**
Figures have been rounded off to the nearest rupee.



Abdul Wahid
Member



Khaliq-ur-Rahman
Chairman

Five Year Key Financial Highlights

