

ABOUT ICAP

The Institute of Chartered Accountants of Pakistan (ICAP) was established on July 1, 1961 to regulate the profession of accountancy in the country. It is a statutory autonomous body established under the Chartered Accountants Ordinance 1961. With the significant growth in the profession, the CA Ordinance and Bye-Laws were revised in 1983.

The Council is responsible for formulation of strategic direction of the Institute and approving key policies, in the interest of the profession

and the public. The Council carries out its executive functions with the support of a management team headed by the Executive Director and comprising the Secretary and Directors of respective departments.

The Council comprises of sixteen members. Twelve members are elected from amongst the members for a period of four years. Four Council members are nominated by the Government of Pakistan.



COUNCIL OF THE INSTITUTE

President

Imran Afzal, FCA

Vice Presidents

Rafaqatullah Babar, FCA (North)

Shaikh Saqib Masood, FCA (South)

Members

Shahzad Hussain, FCA

Nasim Hyder, FCA

Syed Shahid Husain Jafri, FCA

Farrukh Viqaruddin Junaidy, FCA

Razi-ur-Rahman Khan, FCA

Rashid Rahman Mir, FCA

Ahmad Saeed, FCA

Asad Ali Shah, FCA

Abdul Rahim Suriya, FCA

Mohammad Abdullah Yusuf, FCA

Syed Mohammad Shabbar Zaidi, FCA

Arif Mansoor (Deceased)

The Institute offers condolence on the untimely death of Mr. Arif Mansoor, Government nominee on the Council.

Dr. Faizullah Khilji (Retired)

The Institute has requested the Government to nominate replacements for both members.



REGIONAL COMMITTEES

Southern

Chairman

Zahid Iqbal Bhatti, FCA

Honorary Secretary

Syed Najmul Hussain, FCA

CPD Convener

Nadeem Yousuf Adil, FCA

Members

Pervez Muslim, FCA

Mehmood Abdul Razzak, FCA

Umar Israil Siddiqui, FCA

Northern

Chairman

Irfan Ilyas, FCA

Honorary Secretary

Shibli Islam Rehan, FCA

CPD Convenor

Rana Muhammad Usman Khan, FCA

Members

Talat Javed, FCA

Khan Mohammad, FCA

Muhammad Ahmed Shahid, FCA

MANAGEMENT

Executive Director

Moiz Ahmad, FCA

Secretary

Fazal Husain Saifee, FCA

Director Examinations

Syed Masood Akhtar, FCA

Director Education & Training

Saira Nasir (Mrs.), FCA

**Director Professional Standards
Compliance and Evaluation**

Muhammad Asif Iqbal, ACA

Director Technical Services

Shahid Hussain, ACA

Regional Director (North)

Maria Qamar (Mrs.), ACA

Regional Administrator (Islamabad)

Shamshir Ali Khan

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UAN: 111-000-422

Website: www.icap.org.pk



OUR VISION

The profession of Chartered Accountants in Pakistan should be the benchmark of professional excellence upholding the principles of integrity, transparency and accountability.

OUR MISSION

Our mission is to achieve excellence in professional competence; add value to businesses and economy; safeguard public interest; ensure ethical practices and good corporate governance while recognizing the needs of globalization.

NOTICE OF ANNUAL GENERAL MEETING

The 46th Annual General Meeting of the Institute of Chartered Accountants of Pakistan will be held on Wednesday, November 7, 2007 at 6:30 p.m. at ICAP House, Lahore.

Agenda

The proceedings of the meeting will commence with the recitation from the Holy Quran and will have following agenda:

1. Confirmation of the minutes of the 45th Annual General Meeting.
2. Consideration and adoption of Report of the Council and Financial Statements of the Institute with Auditors' Report thereon for the year ended June 30, 2007.
3. Appointment of auditors for the year ending June 30, 2008.
4. Any other business with the permission of the Chair.



Fazal H. Saifee

Secretary


Karachi, October 11, 2007



President's Review

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"Our aim will be to create the kind of work environment in Pakistan which is conducive to the abilities of our existing professionals, and increases our capacity for further input of qualified accountants in to the system to monitor and enforce the compliance of internationally acceptable standards and codes. And finally to create a Brand Vision for ICAP that enhances competencies and provides leadership."



PRESIDENT'S REVIEW



It gives me great pleasure to welcome you to the 46th Annual General Meeting to present the Annual Report of the Institute of Chartered Accountants of Pakistan for the year ended June 30, 2007

The preceding year, as always, was significant for the Institute in terms of the efforts and consequential recognition it received internationally. The Institute signed Memorandum of Understanding with ICAEW enabling progression of ICAP members to obtain ICAEW, ACA qualification. The efforts and far sightedness of the past Council Members in setting the direction and steering the Institute to achieve international standards of education and examination and focused effort of our past President Syed Mohammad Shabbar Zaidi culminated in signing of this Memorandum. The knowledge and expertise of the 928 ICAP members working in thirty five countries of the world especially the sizeable number employed by the Big Four practicing firms was also instrumental in this achievement. However, this is only the beginning of the goal set by your Council, that is, recognition of the training and qualification.

Your Council Members, Mr. Mohammad Abdullah Yusuf, Secretary Revenue Division & Chairman Central Board of Revenue and Syed Mohammed Shabbar Zaidi's nomination on the International Auditing and Assurance Board and the Developing Nations Committee of IFAC has been accepted. Your Institute is now represented by four nominees in IFAC. Mr Zaidi has also been elected as Vice President of South Asian Federation of Accountants (SAFA).

Though it is satisfying to note that such large proportion of our membership is working abroad, yet it is a matter of concern that we are unable to meet demands of the growing economy of Pakistan and the number of Chartered Accountants passing each year remains low. In the ensuing year, we will be focusing efforts to meet the growing demand by providing better facilities to attract students and reviewing existing system of education, training and examination.

There are several reasons why large proportion of society is not attracted towards the profession. One major cause is that our present streams of induction impose limitations on

taking the profession to the four corners of Pakistan. We are enthusiastic in extending our reach to the smaller cities and towns and to fresh college graduates to attract quality students to our fold. This will require major initiatives on our part to create awareness about the profession and its far reaching benefits to commerce, industry and eventually society at large. In the coming year our endeavours would be directed to address this issue and your Council is determined to bring about changes of far reaching consequences. The report of the Task Force specially constituted for this purpose which has addressed these issues is being implemented vigorously. In the past we have taken some steps that include opening of a new examination centre in Hyderabad and branch offices in Multan and Faisalabad. We feel this has helped the Institute and more needs to be done to extend our reach. Efforts are being made to open a branch office in Peshawar, shortly.

Funds have been allocated for the establishment of two Endowment Funds. ICAP will contribute 50 percent of the amount of each fund. These Funds are being established with an initial outlay of Rs. 10 million and 30 million for "development of libraries" and "students' welfare" respectively. The purpose of "Libraries Fund" is to continually develop our libraries at Karachi, Lahore, Islamabad, Faisalabad, Multan and other areas where ICAP libraries will be situated. Funds will also be utilized for subscribing to various printed and electronic material. The purpose of "Students Fund" is to provide subsistence to needy students of ICAP. ICAP will also liaise with the educational institutions providing secondary to post graduate level education to identify bright needy students and persuade them to take up chartered accountancy as a career. Smaller cities and rural areas are likely to benefit significantly from this scheme. This scheme will replace

Interest Free Education Loans (IFEL) scheme.

Worldwide Medium and Small sized businesses play significant role in the economy. In Pakistan also such businesses have played their role admirably. However, with changing situation around us we need to take cognizance of realities. While many Small and Medium sized businesses and professional firms have responded to global competitiveness by implementation of SME Standards, these individual decisions do not address the challenges to maintain crucial accounting and auditing capacities important to Pakistan's economic vitality. The opening of the Chinese, Indian, and former Soviet bloc economies has led to more than a doubling of the global market's workforce. Mobile capital and technology flows accelerate this trend. Our profession has to take stock of this changing world scenario now, and the Institute has to provide the leadership on both national and international levels to bring Pakistan to the forefront of Emerging Economies.

Institute, has provided a platform by way of introduction and implementation of Accounting Standards for SMEs to bring such businesses within organised and documented sector. We appreciate Securities & Exchange Commission of Pakistan in their support in these efforts.

We take pride in our profession being one where education alone is not sufficient for a student to join the ranks of professionals. They have to undergo rigors of training with a firm of Chartered Accountants to hone their skills. Students registered with firms having international affiliation benefit significantly because of the knowledge, and experience in the training of students and international best practises shared by affiliates.

Their trainees' client exposure is also significant which helps in capacity building. Students registered with Small and Medium sized practices (SMPs) without international affiliation may not have similar advantage. The Institute is conscious of the fact and plans several measures in this regard.

Our mission for SMPs is to provide institutional support to enable them to comply with international best practises, expand their base and to provide the environment to attract and retain good students. Our strategy is to enable and encourage Networking, build capacity through education, provide technical guidance and practical support through the Institute. In this regard knowledge based Website support and Quality Assurance will also play a significant role. We will have to develop and facilitate SMPs. We will have to create synergies that individual accounting firms can benefit from by sharing database, enhanced communication and networking opportunities with firms performing similar services. I assure members that the Institute will pave the way for consolidation of its services and available resources to provide cost and time effective services to SMPs. There is huge potential for the growth of SMPs. We want to see a Network of strong SMPs which will ultimately strengthen our profession.

During the year roundtable meetings on QCR standards and networking of audit firms were conducted to create awareness. A great deal of emphasis was put on Training of SMP students through seminars conducted in Karachi and Lahore. The Institute has introduced periodical guidelines for 'Networking of Firms' to support SMPs in understanding the requirements of ISQC1 and implementing them in letter and spirit. SMPs may be operating in an environment where formalization of quality control procedures may not be in place.

Our aim will be to create the kind of work environment in Pakistan which is conducive to the abilities of our existing professionals, and increases our capacity for further input of qualified accountants in to the system to monitor and enforce the compliance of internationally acceptable standards and codes. And finally to create a Brand Vision for ICAP that enhances competencies and provides leadership.

While recognising the achievements, I can not forget to recall the valued and dedicated contribution of our fellow Council Member Mr. Arif Mansoor. Mr. Mansoor died in a tragic accident during his visit to Saudi Arabia to perform Umrah. May Almighty Allah rest his soul in eternal peace.

I would like to record appreciation of the efforts, time and contribution of my predecessor Mr. Nasim Hyder, duly supported by the two Vice Presidents Mr. Farrukh Junaidy and Mr. Shahzad Hussain and fellow Council Members specially the Government nominees Mr. Razi ur Rahman Khan, Mr. Mohammed Abdullah Yusuf, and Dr. Faizullah Khilji for their dedication and contribution in the Council Meetings. I also wish to recognise the spirit of team work and contribution of all ICAP executives and staff and their sincere hard work for the Institute.

I can not conclude without specially thanking all members of the Institute whose guidance and support always remained a great source of inspiration for the Council to discharge its duties. We always remain open and look forward to the valuable suggestions from the worthy members as we strive to improve the efficiencies and respect of the institution.




Imran Afzal
President
October 11, 2007



Council's Report

The Council of the Institute of Chartered Accountants of Pakistan (ICAP) is pleased to present its Annual Report 2007.



HIGHLIGHTS OF THE YEAR

ICAP and ICAEW Sign Memorandum of Understanding

The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Chartered Accountants in England and Wales (ICAEW) signed a Memorandum of Understanding in Karachi on August 30, 2007 in presence of eminent members of ICAP and ICAEW.



As per the terms of the MoU, ICAP and ICAEW will co-operate with each other to enable ICAEW to offer its advanced level tuition in Pakistan for progression of ICAP members to the ICAEW's ACA qualification. In addition, it will help both the Institutes to strengthen international accounting ties, exchange information and experience and provide assistance to each other in developing the accountancy profession.

City of London Education Program

In February this year Alderman John Stuttard, Lord Mayor of the City of London, visited ICAP to promote his 'City of London - City of Learning' initiative on Education, Training and Qualifications. The Lord Mayor described Karachi as a wonderful city of commerce and finance. He stated that the proximity of Pakistani

accounting standards to International Financial Reporting Standards (IFRS) is conducive for creating a favorable environment for Pakistani businesses in the UK. The Lord Mayor's visit was



widely viewed as another step forward towards fostering partnership between Pakistan and UK in areas of financial services and business education.

ICAP Teams Up with International Innovation Network (IIN)

Throughout the greater part of the year ICAP worked closely with international professional bodies. As part of this initiative ICAP became a member of the International Innovation Network (IIN) Limited.

At its Annual General Meeting held in Valencia, Spain on January 21, 2007, IIN awarded membership to ICAP. This is another step towards the promotion of ICAP globally and has resulted in links with accountancy institutes worldwide.

IIN consists of 15 international accounting institutes spanning Asia Pacific, the Americas and Europe. The aim is to stimulate innovation

while allowing network members to develop and share new products and services, such as online student diary, niche newsletters and succession planning toolkits. The second IIN conference was held in June in New York, the highlights of which included products for SMPs, Website Technologies and Student Marketing Campaigns.

ICAP Participates in IIN Survey

During the year ICAP Members, on behalf of the Institute, participated in surveys of Members in Practice and Members in Industry as part of an international initiative through the IIN being conducted by accounting associations in seven countries around the globe. Participating countries included Pakistan, Australia, Canada, Ireland, Netherlands, New Zealand and the United States. The purpose of the survey is to better understand the needs of the members and to deliver more relevant products and services to them based on the survey findings. The results of the survey will be disseminated and utilized for improving ICAP's services to its members.

ICAP Collaborates with IFAC to form IFACnet

The International Federation of Accountants collaborated with its member organizations, including the Institute of Chartered Accountants of Pakistan to develop IFACnet—A KnowledgeNet for Accountants in Business (www.ifacnet.com). This collaborative project launched in October 2006 is a global search engine designed to provide one-stop access to leading-edge articles, good practice guidance and management tools and techniques developed by ICAP and nearly 20 other professional accountancy bodies worldwide for

accountants employed in practice, commerce, industry, the public sector, education and the not-for-profit sector.

Endowment Fund

By their very nature endowment funds require the balancing of current and future needs. The mission of The Institute of Chartered Accountants of Pakistan has always been the promotion of its services to the student community. The Council has approved two endowment funds for this purpose:

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needs.

Library Development Fund

The purpose of this endowment fund is to supply funds in perpetuity for the purchase of books and other materials.

Students Fund

To help students who demonstrate academic promise overcome the costs of tuition so that they can successfully complete their qualification.

The Endowment Fund will be administered under the rules made thereof.

EDUCATION & TRAINING

As the profession moves towards strengthened codes of conduct, regulation and legislation, the Institute is committed to designing a qualification which embeds the global education standards set by the International Federation of Accountants (IFAC) with a strong focus on professional values, ethics and governance.

The current Professional Scheme is designed to provide the professionals with the accounting knowledge and skills and the professional values to enable them to build successful careers whether they are practicing in accounting firms or pursuing a career in business.

Student Exchange Program

As a member of the South Asian Federation of Accountants (SAFA), the Institute had the honor

of hosting the Students' Exchange Program for the year 2007. Students from India, Sri Lanka and Nepal were invited to visit ICAP and view the Chartered Accountancy education, training and practices in Pakistan. During their five day stay in Karachi, the students were taken to various Registered Accounting Education Tutors (RAETs), CA firms, multinationals and local concerns. The students also participated in the All Pakistan Chartered Accountancy Students' Conference.

Chartered Accountancy Students' Conference

A students' conference themed "Chartered Accountancy: Marking its own Borders" was held at Karachi in March 2007. The conference aimed to establish a learning platform for Chartered Accountancy students. Trainees and



Students and ICAP Faculty at the Students Conference 'Chartered Accountancy - Marking its Own Borders'

participants from Pakistan and overseas were given the opportunity to read papers on various relevant issues under the supervision of prominent professionals from industry and practice.

The conference was widely hailed as a significant effort by the Directorate of Education & Training (DET) and the Chartered Accountants Students Association (CASA) to provide a forum where members and students could come together and strengthen ties.

Training Regulations and Guidelines

The Training Regulations and Guidelines were launched in April 2006 to meet the requirement of practical experience as stipulated in

IES 5 – “Practical Experience Requirement” issued by IFAC and to ensure that future Members acquire skills and values necessary for responding to the dynamics of the profession.

The Regulations are being implemented in various phases and will be fully implemented by April 2008.

In the first and second phase of transition of these Regulations, existing firms of 5 to 9 and 10 & above partners who were conducting training of students have been registered as authorized Training Organisations.

Status of compliance of CA Firms with Training Regulations upto June 30, 2007 is as follows:



	10 and above partners firms	5 – 9 Partners Firms	2 - 4 partners Firms	Sole Proprietor	Total
Total Firms	5	15	82	126	228
Applications Received and Approved	4	14	14	21	53
Applications Received and in Process	1	1	9	04	15
Applications not Received	0	0	59	101	160

Representation on IAESB of IFAC

Mr. Abdul Rahim Suriya represents Pakistan on IFAC's International Accounting Education Standards Board (IAESB). He attended its meeting held in Turkey last November. Mr. Suriya updated the Board on the compliance of IES 8 "Competence Requirements for Audit Professionals" by ICAP members. This IES is effective from July 1 2008 for all audit professionals.

He also attended the 10th World Congress of Accounting Educators "Challenges and Developments in International Accounting Education and Research" held on 9- 11 November 2006, Istanbul-Turkey.

Career Counseling & Extended Learning

During the year 2006-07, a large no of students were counseled through visits to various schools and colleges. Additionally, participation in the DAWN Education Expo 2007 provided a platform for attracting approximately 2000 bright young minds to the profession. Another exposition was taken to the smaller cities of Gujranwala, Faisalabad and Sargodha in July



where an additional 1000 students were counseled .

An open forum was organized for trainees from various CA Firms / Training Organizations to discuss issues confronting them during the course of training. This forum not only provided students with the opportunity to express their views, but also demonstrated the Institute's commitment to address all such concerns.

The Directorate of Education and Training organized a series of examination techniques seminar at Karachi, Lahore, Islamabad, Faisalabad and Multan in December 2006 to facilitate CA Foundation and Intermediate students. The Directorate also organized examination techniques seminar for Final level students in Karachi, Lahore and Islamabad. Furthermore, study workshops were organized in May 2007 on Advanced Taxation for Final stage students residing in Dubai and connecting cities.

Digital Library at Karachi & Lahore

Digital Libraries have been set up at Karachi and Lahore for members and students. The idea is to provide multiple access to richer content of high quality peer reviewed journals and articles across a wide range of disciplines through internationally acclaimed databases such as Blackwell Synergy Publishing, Oxford University Press- E Books, Palgrave Macmillan Journals etc.

DET envisions education reform to attract more students to the CA profession and enhance the quality of our admission and qualification standards to meet the criteria for international recognition and reciprocity.

BOARD OF STUDIES

The Board of Studies emerged from the Institute's aspiration for creating a sustainable course of study based on best practices in education and training. From its establishment, the Board has endeavored to indigenize research and review of existing syllabi, and further development of study material, based on the need to ensure the delivery of consistency and quality to our students.

The Board considers the curriculum an important reference document that our students will use throughout. Thus, it must be well organized and structured to provide maximum benefit to the student community. The Board has the responsibility to continually update the curriculum so that the goals and objectives of

the profession are met. Our ultimate aim is to align the profession to both national and international standards through collaborative and engaged learning.

During the first six months, the Board reviewed and approved seven study packs for students of Foundation and Intermediate levels. Another five study packs were subsequently approved after thorough reassessment. Ten Final level study packs are currently under review, and three syllabi have been reviewed. The Board is also in quest of qualified local and overseas writers to compile textbooks for the benefit of our student body who use English as a second language.

RESEARCH DEPARTMENT

A Research Department has recently been set up at the Institute with the main objective to conduct research on various local and global issues and challenges that confront the accounting profession. This will include working on longer term research projects, and generating studies, best practices papers and reports etc. intended for publication.

The research department will undertake research and analysis work on various issues and upcoming challenges arising both locally and globally. The work will be undertaken both from a national industry and economic perspective and also from the viewpoint of the sectors within which our members are present. Links

will be firmly established with relevant regulatory authorities such as SECP, Central Board of Revenue, Chambers of Commerce, industry sector organizations, educational institutes, housing research departments and other research organizations. Research and analysis reports shall be published and disseminated among the members and students of ICAP.

Comparisons will be made between Pakistan and similar economies worldwide to assess the future scope of the economy and to compare the relevant policies and their impact. Global topical issues will also be reviewed and relevant articles published in the Pakistan Accountant.

EXAMINATIONS

The number of students appearing in the examinations have again risen sharply this year. More than 10,000 students appeared in the Foundation and Intermediate Examinations in Spring 2007 session.

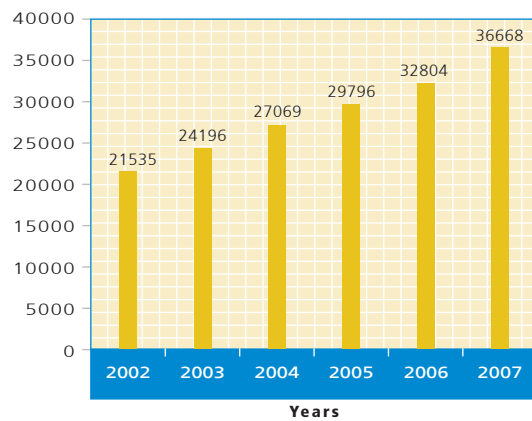
Some of the important events that took place during the year were as under:

- To discourage rote learning, it was decided to introduce a policy of Open Book Examinations. As a first step it was decided to allow the student to bring the Bound Volume of International Financial Reporting Standards while appearing in Financial Accounting (Module "C") and Advanced Accounting and Financial Reporting (Module "E") examinations. For the first time, the system was introduced in the Final Examinations held in June 2007. The policy will be extended further, in due course of time.
- To facilitate the students, a policy of holding examination on alternate days has been introduced, for the students in Foundation and Intermediate Examinations.
- A new examination centre has been opened at Hyderabad, for the Foundation and Intermediate Examinations. The move has been welcomed by students living in Hyderabad and other areas in the interior of Sindh.
- To encourage the students, merit certificates have been introduced for those students who secure highest marks in a subject (other than those in which gold medals are awarded). Functions are now being held regularly i.e. after every six months, to distribute the gold medals and the merit certificates.

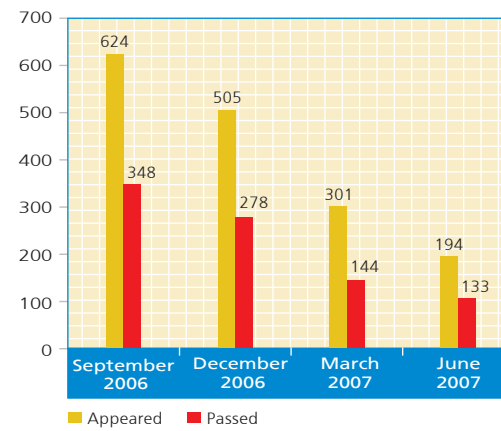


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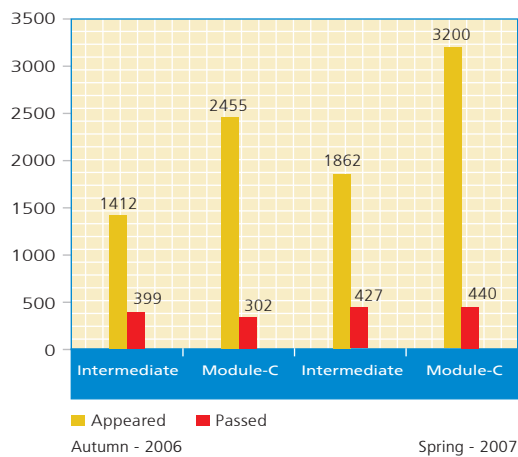
Registered Examinees As on 30th June, 2007



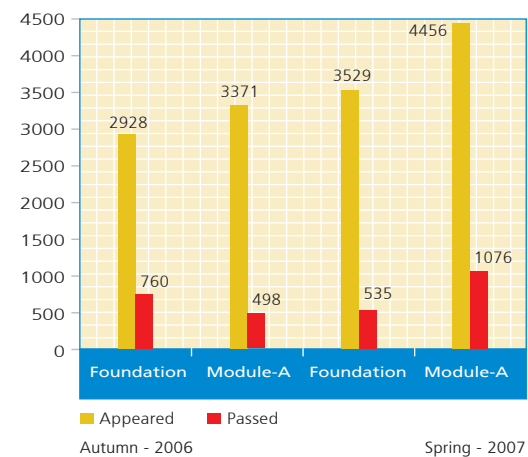
Pre-entry Proficiency Test



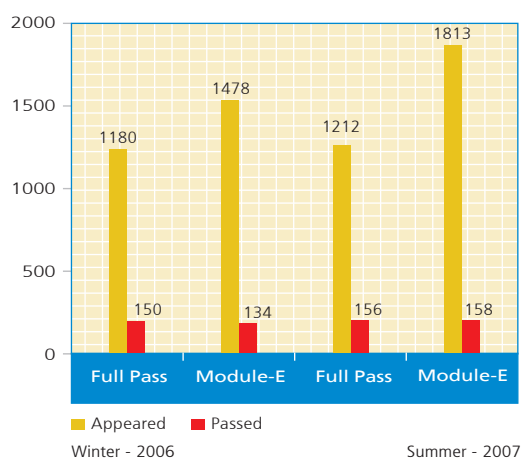
Intermediate Examination



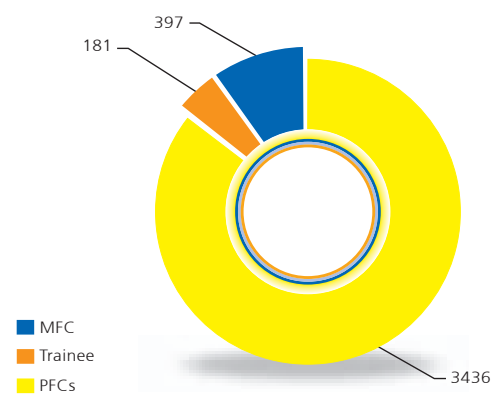
Foundation Examination



Final Examination



New Examinees Registered - 2006-2007



Award of Gold Medals

Foundation and Intermediate Examinations

Autumn 2006

Wasif Abrar Ali Shah Feroz Ali Ambreen Khalid	ICAP Gold Medal (Ameena Khatib Foundation)
Shumaila	Kasbati Memorial Gold Medal

Spring 2007

Zeeshan Mehmood Hasham Ali Baber	ICAP Gold Medal (Ameena Khatib Foundation) Kasbati Memorial Gold Medal

Final Examination

Winter 2006

Noman Khurshid	Bhimji Gold Medal & J P Patel Memorial Gold Medal
Muhammad Shujaat Bhatti	ICAP Gold Medal

Summer 2007

Ahsan Abbas	Bhimji Gold Medal

Award of Merit Certificates

Foundation And Intermediate Examinations SPRING 2007

Sl. No.	Name and Father's Name	Paper
01	Umair Madhani s/o Irfan Madhani	Functional English
02	Baasit Ali s/o Asghar Ali	Quantitative Methods
03	Talal Bin Shaukat s/o Shaukat Mirza	Introduction to Economics and Finance
04	Muhammad Osman Aziz s/o Asad Aziz	Introduction to Financial Accounting
05	Zain Khalil Ahmed s/o Shaikh Khalil Ahmed	Mercantile Law
06	Zeeshan Mehmood s/o Mahmood Ahmad	Financial Accounting
07	Syed Muhammad Kamran Ali Raza s/o Syed Farman Raza	Taxation
08	Umair Ali Butt s/o Azhar Ali Butt	Business Communication and Behavioral Studies
09	Sherdil Waqar s/o Waqar Tariq	Company Law
10	Abeera d/o Iqbal Shami	Auditing
11	Muhammad Faizan Shahab s/o Tahir Shahab	Cost Accounting
12	Sabica Shahani d/o Zahoor Hussain Shahan	Information Technology



Recepients of Gold Medals & Certificates of Merit, 2006



TECHNICAL SERVICES

Through its various Committees, Directorate of Technical Services is proactively supporting and assisting its members in their practice and influencing law, regulation and market practices through:

- Developing guidance and best practice papers;
- Contributing technical update material to help members keep abreast of latest developments in accounting and auditing practices;
- Taking up issues of wider interest raised by members;
- Responding to formal and informal consultations from regulators, trade bodies, and custodians of market practices;
- Formulating its views and public position through its technical services staff in conjunction with the policies of the Technical Committees, and by taking soundings from members.

Nomination on IAASB & DNC of IFAC

It has been a great honor for the Institute that one of its Council Members, Mohammad Abdullah Yusuf, Secretary Revenue Division & Chairman Central Board of Revenue has been appointed on the International Auditing and Assurance Board of International Federation of Accountants. Mr. Yusuf along with Director Technical Services, Shahid Hussain, attended three meetings in New York, Sydney and Warsaw where they actively participated in discussions on various International Auditing Standards exposure drafts reviews.

Mr. Shabbar Zaidi has been appointed member of the Developing Nations Committee (DNC) of IFAC for the term 2007-09.



Contributing technical update material to help members keep abreast of latest developments in accounting and auditing practices

Notification of Accounting and Financial Reporting Standards for MSEs & SSEs by SECP

It is heartening to note that the Accounting and Financial Reporting Standards for Medium-sized Entities (MSEs) and Small-sized Entities (SSEs) developed by the Institute of Chartered Accountants of Pakistan (ICAP) have been notified by SECP on August 21, 2007 under Section 234 (3) of the Companies Ordinance, 1984.

As the above notification also necessitated appropriate amendments to the Fifth Schedule to the Companies Ordinance, 1984, therefore on the recommendation of the ICAP, the SECP has also revised the said Fifth Schedule on August 21, 2007.

Notification of IFRS and Islamic Financial Standard (IFAS) by SECP

During the year under review the SECP notified the following IFRS.

- IAS 41 'Agriculture'
- IFRS 2 'Share-based Payment'
- IFRS 3 'Business Combinations'
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 6 'Exploration for and Evaluation of Mineral Resources'
- Islamic Financial Accounting Standard (IFAS) 2 on 'Ijarah'

Adoption of IFRS

During the year, the Council adopted the following IFRSs and recommended their notification to SECP:

IFRS 7 – Financial Instruments : Disclosures

IFRS 8 – Operating Segments

IAS 29 -- Financial reporting in Hyperinflationary Economies

Adoption of IAASB Pronouncements

During the year following IAASB pronouncements were adopted:

- ISRE 2410- Review of Interim Financial Information Performed by the Independent Auditor of the Entity.
- ISA 701 – Modification to the Auditor's Report.

Accounting and Auditing Standards for Interest Free Modes of Financing and Investment

- During the year, through Finance Act 2007, a provision has been introduced in the Income Tax Ordinance which states that Taxation of Shariah compliant Islamic banking would be treated at par with conventional banking.
- On the recommendation of the Institute the SECP has notified Islamic Financial Standard 2 'Ijarah'. The Standard becomes operative for financial statements covering periods beginning on or after first day of July 2007.
- The Committee also intends to develop standards on the following on a priority basis:
 - ▶ Standard on Profit and Loss Sharing on Deposits
 - ▶ Standard on Diminishing Musharaka
 - ▶ Standard on General Presentation of Financial Statements of Islamic Financial Institutions
- Comments were sent to State Bank of Pakistan on Draft Instructions and Guidelines for Shariah Compliance in Islamic Banking Institutions issued by SBP.

ICAP Pronouncements

SECP Directive Regarding Prohibited Services by Auditors on Council's Recommendation

During the year on the recommendation of the Council of the Institute the SECP directed all the three Stock Exchanges to amend their Listing Regulations so that no listed company shall appoint or continue to retain any person as an auditor who is engaged by the company to provide services that are prohibited. This recommendation was made by the Institute keeping in view the recent development in IFAC Code of Ethics as well as practices prevalent in many countries.

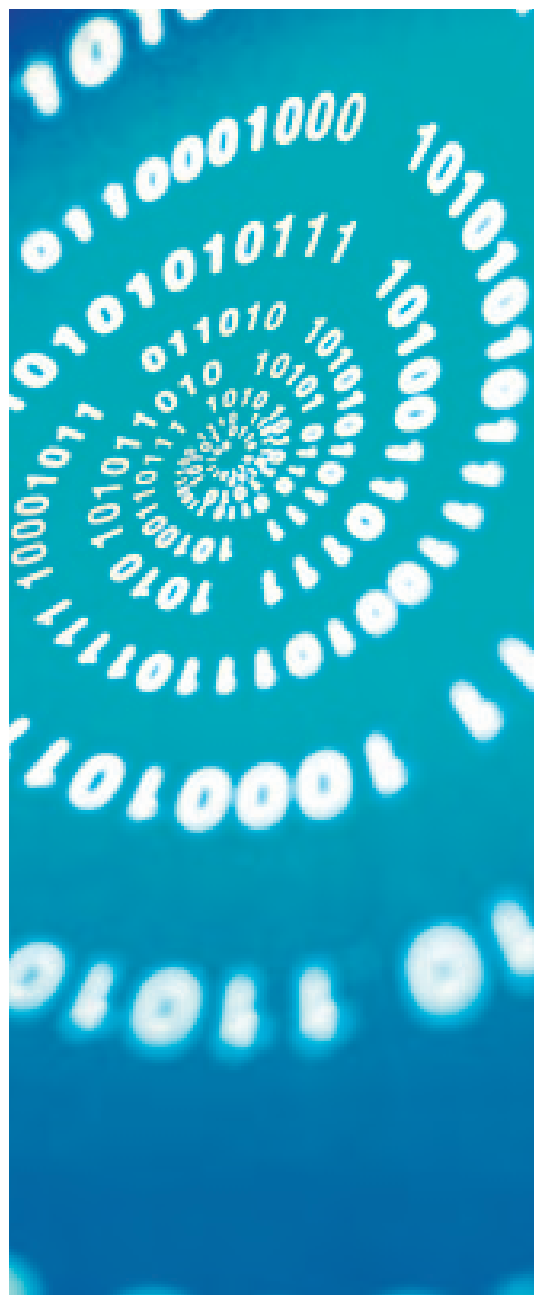
Subsequent to the aforesaid amendments to the Listing Regulations of the three Stock Exchanges, the Directive 4.16 in its present form became inoperative/ redundant therefore the Council withdrew the directive with immediate effect.

Circulars Issued to Members

During the year following circulars were issued to members:

- Withdrawal of SAP 3 and 5 and conversion of Statement of Standard Auditing Practice (SAPs) into ATR-18
- Amendments to TR-5 - IASB Standards – Council's Statement on Applicability (Revised 2006) subsequent to the issuance of 'Accounting and Financial Reporting Standards for Medium-Sized Entities (MSEs) and Small-Sized Entities (SSEs)'
- Adoption of ISA 701 – Modifications to the Independent Auditor's Report.
- Notification of IAS 41 'Agriculture'

- Further deferment of application of IFRIC Interpretation 4 'Determining Whether an Arrangement Contains a Lease' for Independent Power Producers by SECP.



Matters Under Consideration

- The matter of adoption of IFRS 4 'Insurance Contract' and its impact on the Insurance Industry of Pakistan is under consideration of the relevant Committee of the Institute subsequent to the decision of the PS&TAC that instead of waiting for the completion of Phase II of the IASB's Insurance project, the standard be considered for adoption.
- This year SAFA issued "SAFA Standard and Guideline for Not-for-Profit Organisations" and PS&TAC in principal decided to recommend to the Council to adopt the standard with some necessary changes. The detailed review of the standard is being done by the relevant Committee of the Institute.
- To develop Auditors' Report on the Internal Controls Relating to Financial Areas only.
- To propose amendments to the format of Bank's Financial Statements.

Review of IASB / IAASB / IESBA Pronouncements

Following exposure drafts and discussion papers are under consideration of the Committees:

- ISA 580, Written Representations.
- ISA 540, Auditing Accounting Estimates, including Fair Value Accounting Estimates, and Related Disclosures and Proposed Withdrawal of ISA 545, Auditing Fair Value Measurements and Disclosures.
- ISA 550, Related Parties.
- ISA 570 Going Concern.
- ISA 250 – Auditors' Responsibilities in relation to Laws and Regulations in an Audit of Financial Statements.
- Discussion Paper, Fair Value Measurements.

- Draft IFRS for Small and Medium-sized Entities issued by IASB.
- IFRS 1 'First – time adoption of International Financial Reporting Standards'.
- IAS 24 'Related Party Disclosures'.
- Section 290 and 291 of the Code of Ethics – 'Independence Audit and Review Engagements' and 'Independence Other Assurance Engagements'.

In addition to the above the International Auditing Practice Statements (IAPs) issued by IAASB are also under consideration for adoption.

Technical Opinions

During the year several queries on technical matters were received from various members and other institutions like SECP. Appropriate replies were sent to them. Some of the important issues/queries related to the following areas:

- Revenue Recognition Policy for prepaid Calling Cards.
- Deferred Tax.
- Interpretation / Implementation International Accounting Standard 39.
- Reclassification of the Shares in the Portfolio of Investment Fund.
- Accounting for Investments in Associates
- Incorporation or recognition of NIT Dividend as Income in Financial Statements.
- Provision for Workers' Participation Fund – Share in profit of Associates under Equity method.
- Accounting for Project Development Expenditure and Costs Related thereto.

- Impact of withdrawal of TR-20.
- Measurement of Interest Free (Low interest rate loans received / advance by Companies).
- IAS 17- Accounting for Leases.
- Reserve on Amalgamation.
- Recognition of Income by Leasing Companies.
- Accounting Treatment of the Cost of Automotive Parts.
- Application of IAS 39 on the Financial Statements.
- Fair Value of Unquoted Investment.
- Residual Value of Assets – IAS 16.

Interaction with Government, Regulatory Bodies and Other Stakeholders

International Organizations: Responses to Questionnaires/Surveys

Responses to following questionnaires/surveys were submitted:

CAPA - Study to determine the impact and/or influence of Sarbanes Oxley Act on member bodies of CAPA countries.

IFAC - The International Ethics Standards Board for Accountants (IESBA) Strategic Review Questionnaire.

- IAASB Strategy Review Questionnaire

Submission of Case Study of Pakistan to ISAR

Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) of United Nations Conference on Trade and Development (UNCTAD) (UNCTAD) held its twenty-third session in

October 2006 which was attended by Council Member Asad Ali Shah who presented a paper titled 'Implementation of IFRS & SME Standards – Pakistan Experience'. In the meeting it was agreed to conduct additional studies and reviews of practical implementation issues of IFRS with a view to developing guidance on good practices on IFRS implementation. Accordingly, country case studies of Pakistan, the Republic of South Africa and Turkey were prepared.

The Directorate of Technical Services prepared a detailed case study of Pakistan which presents the regulatory framework, enforcement of accounting standards, challenges faced in the process of converging to IFRS, capacity-building issues and lessons learned in the process.

The main objective of this case study is to draw lessons learned from the experience of Pakistan in converging with IFRS and to discuss the findings with member States, with a view to facilitating sharing of experience among countries that are either implementing IFRS or that intend to do so in the coming years.

References from IASB and IAASB of IFAC

Comments on the following exposure drafts and discussion papers were sent to IASB and IAASB:

- Discussion paper: Preliminary views on an Improved Conceptual Framework for Financial Reporting: The objective of Financial Reporting and Qualitative characteristics of Decision useful Financial Reporting Information.
- ISA – 260 (Revised and Redrafted) Communication with those charged with Governance.

- ISA – 320 (Revised and Redrafted) Materiality in Planning and performing an Audit.
- ISA – 450 (Revised and Redrafted) Evaluation of Misstatements Identified during the Audit.
- ISA 230, Audit Documentation.
- ISA 560, Subsequent Events.
- ISA 610, The Auditor's Consideration of the Internal Audit Function.
- ISA 720, The Auditor's Responsibility in Relation to Other Information in Documents containing Audited Financial Statements.
- Proposed International Standard on Auditing 600 (Revised and Redrafted) the Audit of Group Financial Statements issued by IFAC.
- Proposed Amendments to IFRS 2 Share-based Payments.
- IAS 1 Presentation on Financial Statements.
- Proposed Amendments to IAS 23 Borrowing Costs.

SAFA

Pakistan's initiative for developing standards for SMEs was recognized by the South Asian Federation of Accountants (SAFA) and these standards have been adopted as SAFA standards/guidelines.

Syed Mohammad Shabbar Zaidi has been appointed Vice President, SAFA for the year 2007 and will be President, SAFA for 2008.

Co-ordination between ICAP and SBP

During the year following issues were under discussion between ICAP and SBP:

- Implementation of IAS 39 and IAS 40 for banks and DFIs

- Progress of Internal Control Guidelines – Implementation.
- Access of external auditors to the Inspection Report of a commercial bank.
- ICAP has proposed SBP to include a requirement of audit of Borrowers' Financial Statements by QCR rated firms of chartered accountants in cases of large exposures.

Co-ordination between ICAP and SECP

- Comments have been sent on Draft Real Estate Investment Trust Regulations 2007 issued by SECP.
- On the recommendations of the Institute the SECP has brought appropriate amendment to the existing Section 248 (2) of the Companies Ordinance, 1984 by restricting all the corporate entities to pay dividends out of their realized profits only (as is the case with UK company law) on the recommendation of ICAP to enable implementation of IAS in the country.
- On the recommendation of the Institute the SECP through the Finance Act 2007 had the Sub-section (2) of Section 248 amended. The amendment imposed further restrictions on the scope of divisible profits by way of payment of dividend by a company to its shareholders which may be represented by unrealized gain on investment property (as per IAS 40) credited to profit and loss account. As a result of this amendment unrealized gain on investment property shall not be available to be utilized, directly or indirectly, by way of dividend or bonus.
- SECP has been suggested to bring the format of Form 35 A in line with format given in Revised ISA 700. As the revision of format

would need amendments to Section 255 of the Companies Ordinance, 1984 therefore SECP has also been suggested to bring appropriate amendments to this section of the Ordinance.

- On the recommendation of the Institute IFRIC 4 – Determining whether an Arrangement contains a Lease for IPPs has been deferred by SECP till June 30, 2009.

Taxation and Economic Policies

The Committee on Taxation and Economic Policies developed detailed proposals on Direct and Indirect taxes and economic policies for incorporation in the Federal Budget for the year 2007 – 2008. Some of these proposals have been incorporated in the Finance Act, 2007, one of the highlights being the introduction of the seventh schedule for Banks.

Best Corporate Reports Pakistan

For the seventh consecutive year, corporate reports for the financial year, which ended in 2006, were evaluated by the Technical Services Directorate of the Institute, and the award

distribution ceremony organized by the Joint Committee of ICAP and ICMAP is scheduled to be held shortly.

It has been heartening to see the Companies' enthusiasm and competitive spirit with better and more creative financial statements coming up each year.

SAFA Best Corporate Reports Awards

Awards of merit were given to Askari Commercial Bank Limited, Faysal Bank Limited, Atlas Investment Bank Limited, Crescent Leasing Corporation Limited, Fauji Fertilizer Company Limited, Crescent Steel and Allied Products Limited, Sanofi-aventis Pakistan Limited and Highnoon Laboratories Limited in their respective sectors at the SAFA Best Presented Reports Competition 2005.

Selected Opinions

The Institute has finalized Volumes XI and XII of Selected Opinions issued during July 2005 to June 2006 which have been uploaded on the Institute's website.



Best Corporate Report Awards Ceremony held in 2006



QCR: QUALITY CONTROL REVIEW

Promoting Quality and Service

A cornerstone of our profession is our belief in adhering to and maintaining the highest standards of quality. The Quality Control Review (QCR) Program is integral to the Institute's regulatory framework, established to develop and maintain compliance of professional standards amongst firms engaged in audit of limited companies, particularly listed entities, as the Code of Corporate Governance requires a satisfactory QCR rating as mandatory for CA firms conducting audit of listed companies. This reflects the Institute's commitment to protecting the stakeholders'/public's interest and maintaining rigorous self-regulatory standards. At the same time, Department of Professional Standards Compliance & Education (DPSC&E) is continuing to meet the expectations of international standard setters, regulators, and the public.

Quality Control Reviews

During the period from September 2006 to June 30, 2007, reviews of 56 audit engagements of 27 firms at 31 office locations were carried out at Karachi, Lahore, Islamabad, Peshawar and Hyderabad as compared to 136 audit engagements of 69 firms at 96 office locations during the period July 2005 to August 2006. The reason for lesser number of reviews in the current year as compared to the previous year is 'cyclical frequency', as firms are required to undergo QCR every two and a half years now, which was previously every two years.

As on 30 June 2007, 99 practicing firms, listed on the Institute's website, have been given satisfactory QCR rating.

During the period under review, two cases of professional misconduct and negligence were referred to the Investigation Committee.

Quality Assurance Board (QAB)

Nationally, the Quality Assurance Board (QAB) is working tirelessly to help members adapt to, and implement, new standards.

In pursuance of the Institute's policy of gaining influence in the development and implementation of public policy, the QAB membership comprises senior representatives from the State Bank of Pakistan (SBP), the Securities & Exchange Commission of Pakistan (SECP), and the Karachi Stock Exchange (KSE). The Institute considers liaison with the regulatory authorities of the country essential to the success of its QCR program.

The Board met five times during the period under review and conducted the following business, apart from reviewing the QCR reports of the above mentioned reviews:

A cornerstone of our profession is our belief in adhering to and maintaining the highest standards of quality.

- Revision of QCR Framework
- Organizing Roundtables for getting members' response for implementing ISQC 1
- Issuance of Audit Practices Manual (revised) – Volume 1
- Review the matter relating to practice license requirements and its linkage with QCR
- Issuance of circulars on the following topics:-
 - ▶ Audit Documentation and Quality Control Review
 - ▶ Confirmation from Legal Advisor
 - ▶ Quality Control Review Framework
 - ▶ Deferred taxation

Revision of QCR Conclusion

The previous QCR conclusion stated whether the standard of work performed was in accordance or not-in-accordance with International Standards on Auditing.

On the recommendation of the QAB, the Council in its meeting, has revised the QCR conclusion, as follows:

“Whether the audit report issued by the firm in respect of reviewed client(s), was supported or not supported by appropriate audit evidence.”

The above change was made since previously the QCR conclusion was practically based on whether or not the auditor had obtained sufficient appropriate audit evidence on material account balances and transactions, and the audit report issued was based on such evidence.

The revised conclusion will now give due weightage to exceptions noted in all ISAs and ISQC 1. Further, the QAB has formed a sub-committee to consider, and make recommendations, to further modify the QCR framework in order to enhance the effectiveness of our quality control review process, addressing the following issues:

- ▶ Extending the scope of QCR conclusion to cover all ISAs
- ▶ Introducing a graduated penalty system- the current system of either approving or removing a firm from quality control rating enforced through Corporate Governance Code is considered impractical.
- ▶ Developing a roadmap for implementation of ISQC 1

The QAB has formed a sub-committee to consider, and make recommendations, to further modify the QCR framework in order to enhance the effectiveness of our quality control review process.

Training Workshops for Small and Medium-sized Practices (SMPs)

During the period under review, following workshops were conducted

S. No.	Theme	Facilitator	City	Date
01	Audit of Provident Fund	Altaf Noor Ali	Karachi	December 9, 2006
02	Planning and Risk Assessment	Zulfiqar Ali Causer	Karachi	February 17, 2007
03	IAS-8 and IAS-18	Faisal Anisuddin	Karachi	March 24, 2007
05	Stock-in-trade - Physical stock taking and valuation	Irfan Ghani	Lahore	March 31, 2007
06	Audit of SMEs	Altaf Noor Ali	Karachi	April 7, 2007
07	Business Communication for Accountants	Moiz Ahmad	Karachi/Lahore	April 28, 2007
08	Audit Information and its Analysis for forming Opinions through Spreadsheets	Altaf Noor Ali	Karachi	June 9, 2007
09	Presentation of Financial Statements under IAS 1	Usman Ghani Akbani	Karachi	July 28, 2007
10	Auditors Review of Presentation of Financial Statements	Tahmeen Ahmed	Islamabad	August 7, 2007

A large number of students from SMPs attended the above workshops and appreciated the Institute's initiatives and efforts for conducting these training programs. The Institute wishes to thank all workshop facilitators and participating firms. The Institute plans to expand the scope of similar workshops in Lahore and Islamabad next year.

Roundtable Meetings on ISQC 1

In order to create awareness of ISQC 1, the QAB held roundtable meetings at Karachi, Lahore, Multan, Faisalabad and Islamabad. Zafar Iqbal Sobani, Chairman QAB, Asad Ali Shah, Vice Chairman QAB, Rashid Rahman Mir, member QAB, and Shahzad Hussain, Council

member, conducted these meetings at various locations. Presentations were given by Faheem-ul-Hasan, Partner A.F Ferguson & Co. and Muhammad Asif Iqbal, Director Professional Standards Compliance and Evaluation.

A large number of practicing members mostly representing SMPs actively participated in these meetings and the following were proposed during these meetings:

- Revision of ATR-14 (Minimum Audit fees)
- Introduction of concept of Networking of Audit firms and formulation of guidelines by the Institute.

- Institute's support for SMPs in understanding the contents of ISQC 1 and its effective implementation in its true spirit through guidance manuals, checklists, circulars, awareness programs etc.

the Council has formed a Taskforce to formulate formal guidelines for Networking of Audit Firms. This will assist SMPs in enhancing their resources to cope with the challenges of ISQC 1 and other Standards.

Networking of Audit firms

As suggested in the above roundtable meetings,

The Council approved the above guidelines as exposure draft for comments in July 2007.



The Institute has issued Exposure Draft containing formal guidelines for Networking of Audit Firms.

Revision of ATR-14 – Minimum Audit Fees

In view of the increased cost of compliance with the standards, and as recommended in the above roundtable meetings, the Council decided to revise ATR-14 and issued the revised ATR on March 30 2007. In the revised version,

minimum audit fees and hourly charge out rates were significantly increased, which will help audit firms in recovering their cost to a greater extent.

Members Information & Education Series (MIES)

Following MIES were issued during the previous year for the benefit of members:

MIES-7	Modified Auditor's Reports on Financial Statements – Illustrations and Contents
MIES-8	Best Practices on Corporate Governance for South Asian Countries
MIES-9	Networking of CA Firms– An Overview
MIES-10	Identifying the Audit Partner
MIES-11	Diverse Roles of the Professional Accountants in Business
MIES-12	IFAC Statements of Membership Obligations
MIES-13	Responsibility of Preparing Financial Statements under IFRS
MIES-14	Defining and Developing an Effective Code of Conduct for Organizations

Moving Ahead

The Institute is working tirelessly and actively to address the challenges facing the audit profession, especially in assisting SMPs to gear up for assimilating and integrating their practices with global accounting standards. We acknowledge that the best firms are the ones that maintain comprehensive records of key

audit judgments central to the principles-based approach to audit, where firm leadership has established high parameters for quality, where performance is measured against established benchmarks, and where there is low tolerance for preventable quality lapses.

MEMBERSHIP

Our membership is growing at a gradual pace. The Institute has successfully conducted counseling sessions to help enrolled students pass their final examinations, and seminars to attract young talent to the profession. ICAP's objective is to hone the professional skills of Chartered Accountants as well as to enhance the portability of the ICAP qualification.

Membership of the Institute on June 30, 2007 was 4204 out of which 928 members are overseas, which accounts for 22 percent of total membership. During the year 2006-07, 327 new members were admitted to the Institute and memberships of 24 were restored, resulting in an increase of 351 members. Out of the total membership, 85 percent are employed in commerce and industry, financial institutions, government departments and education, and

15 percent are in public practice.

ICAP also commiserates the passing away of its members:

- ▶ Mukhtar Shafiq
- ▶ Muhammad Anis
- ▶ Tajjammal Murad
- ▶ Muhammad Yusuf Zakaria
- ▶ Ahmed Adam Gangat
- ▶ Mohammad Razvi

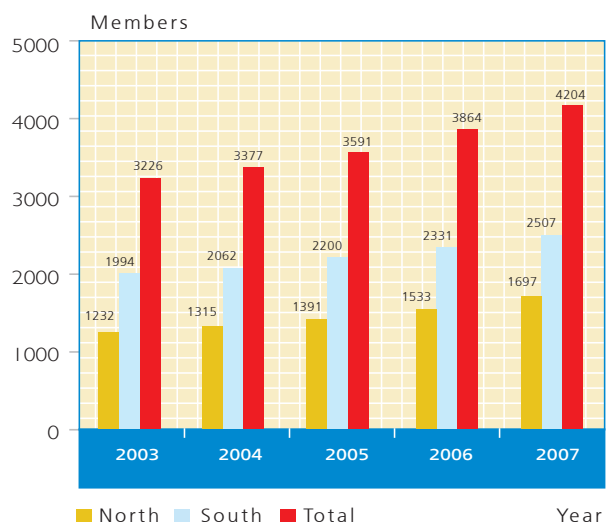


A Member Receiving his Certificate

Statistical Information of Membership

	Associates	Fellows	Total	Associates	Fellows	Total
	30-Jun-07			30-Jun-06		
Domestic						
Public Practice – Sole Proprietor	61	232	293	63	213	276
Public Practice – Partnership	62	272	334	54	257	311
Commerce / Industry	1625	843	2468	1,487	781	2,268
Corporations	5	10	15	4	9	13
Financial Institutions / Banks	74	50	124	74	52	126
Government	7	8	15	8	6	14
Education	17	10	27	18	8	26
Overseas						
Non practice – Overseas	578	337	915	518	299	817
Public practice – Overseas	3	10	13	2	11	13
	2,432	1,772	4,204	2,228	1,636	3,864

Yearwise Growth in Membership



CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

A robust CPD scheme is absolutely essential to our constantly evolving profession which sees substantial new legislation introduced on a regular basis.

It is essential that the Institute should have a structured Continuing Professional Development program that is relevant to the needs of our members and enables them to carry out their professional work with proper regard for the technical and professional standards expected of them, in pursuance of the terms of clause 3.2 (b) of the Institute's Code of Ethics.

To assist members in fulfilling their CPD obligations, the Institute has developed a revised CPD Directive (effective July 2007) for full compliance with the requirements of IES 7 which mandates 40 CPD hours per year, or 120 hours in a rolling period of 3 years, for both practicing and non-practicing members.

The revised Directive prescribes that members foster a commitment to lifelong learning and, while briefly describing various CPD approaches, mentions that ICAP has adopted a Combination approach and in due course of time will move towards a comprehensive Out-put based approach.

The salient features of the revised Directive are as follows:

- ▶ For a full day of CPD activity, 8 maximum credit hours are allowed for the day.
 - ▶ On completing degree courses as many CPD hours are allowed as accredited by the HEC approved Institute/University for that course.
 - ▶ Presenters or Session Chairmen in CPD programs will be allowed twice the actual time of the presentation.
 - ▶ Writing books on professional interest/reference manuals/study packs will contribute towards a maximum of 20 hours per release.
 - ▶ Participation in Council, Committees, Working Groups of ICAP and other regulatory bodies will entitle a member to avail CPD credit for the actual time of the meeting. The following new activities are now included in the accredited CPD activities.
 - E-courses
 - Teaching relevant professional or degree courses.
 - Research paper published in a peer reviewed journal.
 - Watching videos/CDs of ICAP CPD programmes.
 - Self certified readings (interim arrangement)
- Following three exemptions are incorporated in the new Directive:
- Sick or incapacitated so that he/she cannot perform normal work.
 - Retired from whole time business.
 - Career breaks.

It is pertinent to note that the previous exemption available to practicing members over 70 years and non practicing members over 60 years, have been withdrawn.

For all members, non compliance of this Directive will be reviewed by the CPD Committee and if deemed appropriate the matter will be referred to the Executive Committee for appropriate action.

ICAP's CPD Program continues to offer a diverse array of topics covering the core competencies of the CA profession. Regional and local CPD Committees successfully organized 76 CPD seminars/workshops at Karachi, Lahore,

Islamabad, Multan, Faisalabad, Peshawar, Jeddah and Dubai offering 295 CPD credit hours for members, as compared to 79 CPD activities with 256 CPD credit hours in the previous year. During 2006-2007 the CPD Committee has initiated a CPD update via electronic mail for members announcing various CPD activities, suggesting useful websites and books etc. The CPD Department is also planning to start Management Development Programs and e-courses.

City-wise Break up of CPD Activities in 2006-2007

City	CPD Year 2006-2007		CPD Year 2005-2006	
	Number of CPD Activities	CPD Hours	Number of CPD Activities	CPD Hours
Karachi	21	103	28	106
Lahore	14	68	13	44
Islamabad	12	39	15	40
Multan	09	27	08	26
Faisalabad	07	20	05	15
Peshawar	10	31	05	15
Jeddah	03	07	01	02
Dubai	00	00	04	08
Total	76	295	79	256

Members can review their CPD records on the Institute's website and plan their future CPD activities accordingly.

PROFESSIONAL MISCONDUCT / INVESTIGATION

The Institute continues its earnest endeavors to dispose off cases as soon as possible. A summary of the complaints received and disposed off against members in practice during last three years is as follows:

	2006-07	2005-06	2004-05
Cases at the beginning of the year	28	28	50
Complaints received during the year	20	19	23
	48	47	73
Complaints disposed off during the year	(10)	(19)	(45)
Complaints pending at the end of the year	38	28	28

During the year Council disposed off 10 cases, out of which 4 were closed as no merit was found in the complaints, while the remaining 6 cases were dealt with as follows:

	2006-07	2005-06	2004-05
Members reprimanded by name	2	1	6
Reprimanded by name and penalty imposed	1	1	9
Members reprimanded without name	2	0	4
Members cautioned	0	1	0
Reference made to High Court	1	1	1
Total	6	4	20

INFORMATION TECHNOLOGY

New mindsets are as important for the improvement of information services as are new technologies in dealing with the complexities of a modern IT environment. In an organization as vibrant as ICAP, keeping up with information technology is a crucial aspect of maintaining networking, security and disaster recovery.

The IT Department's focus is shifting from performing a purely technical role to a technology management role in areas such as development of online archives etc. to draw educational advances from technology.

NEW WEBSITE, NEW LOOK!

ICAP has launched its new website to provide easy access to information needed by members, students, prospective students, and users. The changes in design, structure and navigation have been made under guidance of IT Department.

The revamp aims to update the look of the website and help users find their way around it through improvements in our sitemap and search engine. It incorporates editorial

improvements, more information and easily accessible contents listing.

Following projects have been successfully completed:

- Installation of Audio Conferencing facilities at Karachi and Lahore.
- Installation of Video Conferencing with wireless Internet connectivity at Karachi, Lahore and Islamabad with 2 tier media backup.
- Project of Digital Library access with Higher Education Commission (HEC) for ICAP offices in Lahore, Islamabad and Karachi.
- Installation of new PABX with high-tech features at ICAP Lahore.

In addition following are in the offing:

- Project of digitization of documents is progressing satisfactorily.
- Project of in-house development of web based Integrated Systems Software has been initiated.



PUBLICATIONS

The Pakistan Accountant and the Newsletter have received a makeover this past year to boost the Institute's professional image, and to serve as a channel for staying in touch with our most valuable assets – our members and students. The Publications Department is endeavoring to produce a magazine and a newsletter that make it worth our subscribers' time to read them and stay informed.

The Newsletter is designed to provide a heads-up on important Institute events and activities. The Pakistan Accountant is the professional

flagship publication of the Institute. It is intended to serve as a forum for disseminating information on auditing and accounting practices, business and finance, and topics of current national and international interest. Through the Members Information & Education Series (MIES) the Institute hopes to promote the integration of best practices and sound judgment among members.

These publications form the body of literature that fosters the Institute's policy of promoting education and research.



HUMAN RESOURCES

The Institute continues to have very cordial relations with all its employees. Permanent staff strength at the year-end was 163. ICAP is committed to being an equal opportunities employer. Our employment policy seeks to ensure that no employee receives less favorable treatment on the grounds of gender, marital status, age, religion, ethnic origin, or disability.

During the past year the Institute has reviewed its HR policies and procedures to ensure that it continues to deliver results to enhance the quality of the work environment and develop and retain a team of dedicated and capable people who are committed to the Institute's mission.



ACKNOWLEDGEMENT

The Council would like to place on record its sincere gratitude to all members in general and those who served in various Committees of the Institute in particular for their support, dedication and help they extended in policy formation.

The Council would also like to thank the Federal Government, the Securities and Exchange Commission of Pakistan, Central Board of Revenue, the State Bank of Pakistan and other government organizations for their continued support. The Council expresses its appreciation to Mr. M. Afzal Munif and Mr. Adnan Zaman the auditors of the Institute, as well as, Directors and

other staff of the Institute for their devoted services.

By order of the Council

A handwritten signature in black ink, appearing to read 'Fazal H. Saifee'.

Fazal H. Saifee
Secretary
Karachi
October 11, 2007

STATISTICS OF MEETINGS HELD AND ATTENDANCE

During the Period September 12, 2006 to September 11, 2007

Council

Meetings Held (6)

Name	Attended	Name	Attended
Nasim Hyder	6	Arif Mansur	1
Shahzad Hussain	6	Shaikh Saqib Masood	6
Farrukh Viqaruddin Junaidy	5	Rashid Rahman Mir	6
Imran Afzal	6	Ahmad Saeed	6
Rafaqat Ullah Babar	4	Asad Ali Shah	6
Syed Shahid Husain Jafri	0	Abdul Rahim Suriya	4
Razi-ur-Rahman Khan	3	M. Abdullah Yusuf	2
Dr. Faizullah Khilji	0	Syed Mohammad Shabbar Zaidi	6

Executive Committee

Meetings Held (4)

Name	Attended
Nasim Hyder	4
Shahzad Hussain	4
Farrukh Viqaruddin Junaidy	3
Ahmad Saeed	4
Imran Afzal	4
Rashid Rahman Mir	4
Rafaqat Ullah Babar	2
Shaikh Saqib Masood	4
Syed Mohammad Shabbar Zaidi	4

Examination Committee

Meetings Held (4)

Name	Attended
Farrukh Viqaruddin Junaidy	2
Imran Afzal	3
Shahzad Hussain	2
Nasim Hyder	1
Shaikh Saqib Masood	4
Rashid Rahman Mir	3
Asad Ali Shah	3
Syed Mohammad Shabbar Zaidi	2

Investigation Committee Meetings Held (6)

Name	Attended
Shahzad Hussain	6
Imran Afzal	5
Rafaqat Ullah Babar	3
Syed Shahid Hussain Jafri	1
Hamid Khan	4
Arif Mansoor	1
Shaikh Saqib Masood	6
Rashid Rahman Mir	6
Justice (Rtd) Rasheed A. Razvi	2
Ahmad Saeed	6

Continuing Professional Development Committee Meetings Held (3)

Name	Attended
Rafaqatullah Babar	3
Syed Fahim ul Hassan	2
Rashid Ibrahim	3
Tahir Razzaque Khan	2
Faisal Latif	2
Mohsin Nadeem	2
M. Javaid Qausim	1
Shibli Islam Rehan	1
Abdul Rahim Suriya	0

Mr. Abdul Rahim Suriya became a member of the CPD Committee after its first meeting.

Education & Training Committee Meetings Held (4)

Name	Attended	Name	Attended
Ahmad Saeed, FCA	4	Muhammed Arif Methani, FCA	4
Abdulwahid, FCA	4	Rashid Rahman Mir, FCA	3
Chaudhry Nazir Ahmad Asad, FCA	4	Farzana Munaf, ACA	1
Syed Aftab Hameed, FCA	3	Mohammad Javaid Qausim, FCA	2
Syed Fahim ul Hasan, FCA	4	Shakil Akhtar Qureshi, FCA	3
Mushtaq Ali Hirani, FCA	4	Khaliq-ur-Rahman, FCA	3
Rashid Ibrahim, FCA	3	Ejaz Hussain Rathore, FCA	3
Mukhtar Husain Jaffery, FCA	4	Abdul Rahim Suriya, FCA	3

Professional Standards & Technical Advisory Committee Meetings Held (3)

Name	Attended	Name	Attended
Syed Mohammad Shabbar Zaidi	2	Shahzad Hussain	1
Muhammad Yousuf Adil	1	Rashid Ahmed Jafer	1
Ayaz Ahmed	2	Tariq Iqbal Khan	1
Syed Sajid Ali	1	Shaikh Saqib Masood	2
Syed Iftikhar Anjum	2	Ahmed D. Patel	1
Muhammad Aslam	3	Feroz Rizvi	0
A. Husain A. Basrai	1	Asad Ali Shah	2
Qasim Ebrahim Causer	1	Khalid Yacoob	0

Accounting and Auditing Standards Committee Meetings Held (6)

Name	Attended
Shahzad Hussain	5
Muhammad Zulfikar Akhtar	4
Abdul Aleem	5
Mohammad Almas	6
Syed Iftikhar Anjum	3
Arif Hamid Dar	0
Salah-ud-Din	4
Syed Aftab Hameed	5
Naresh Kumar	3
Irfan Rehman Malik	3
Hamid Masood	4
Shibli Islam Rehan	5
Farrukh Rehman	6
Mohammad Tufail Salariya	6
Shabbir Yunus	1
Kamran Iqbal Yousafi	3

Technical Advisory Committee Meetings Held (6)

Name	Attended
Shaikh Saqib Masood	6
Abbas	4
Faisal Ahmed	5
Usman Ghani Akbani	6
Mohammad Almas	5
Wiqar Avais	3
Feroze Jehangir Cawasji	0
Karim Hatim	3
Syed Najmul Hussain	3
Rashid Ibrahim	4
Farrukh Viqaruddin Junaidy	1
Sayed Bakhtiyar Kazmi	3
Arsalan Khalid	5
Aqueel Ebrahim Merchant	3
Najeeb Taher Moochhala	4
Hassan Nazir	3
Mohammad Tufail Salariya	6
Hafiz Mohammad Yousaf	2

Committee on Accounting and Auditing Standards for Interest Free Modes of Financing and Investments Meetings Held (3)

Name	Attended	Name	Attended
Ebrahim Yacoob Sidat	3	Anwar Ahmed Meenai	3
Syed Sajid Ali	3	Pervez Said	0
Najmul Hassan	2	Mahmood Shafqat	2
Farrukh Viqaruddin Junaidy	1	Najam Siddiqi	2
Pir Mohammed A. Kaliya	0	Huma Sodher	1
Ahmed Shuja Kidwai	1	Mufti Muhammad Zubair Usmani	1
Mohammad Najeeb Khan	3	Abdulwahid	2

Committee on Taxation and Economic Policies

Meetings Held (1)

Name	Attended
Syed Mohammad Shabbar Zaidi	1
Imran Afzal	0
Kamran Iqbal Butt	0
Naveed Haider	1
Shahzad Hussain	0
Rashid Ibrahim	0
Farrukh Viqaruddin Junaidy	1
Shaikh Saqib Masood	0
Haider Ali Patel	1
Khalik-ur-Rahman	0
Adnan Zaman	1

Committee on Financial Sectors

Meetings Held (1)

Name	Attended
Asad Ali Shah	1
Ayaz Ahmed	0
Akbar Ali	1
Syed Liaquat Ali	1
Syed Iftikhar Anjum	1
Qasim Ebrahim Causer	1
Karim Hatim	1
Mohammad Iqbal	1
Rashid Ahmed Jafer	1
Aqueel Ebrahim Merchant	1
Mahmood Ahmed Qureshi	1
Tahir Hassan Qureshi	1

Quality Assurance Board

Meetings Held (4)

Name	Attended	Name	Attended
Zafar Iqbal Sobani	4	Rashid Rahman Mir	3
Abbas	2	Huma Pasha	3
Amir Jamil Abbasi	2	Khalid Rahman	4
Mohammad Shoaib Ansari (Former CGA)	0	Riaz A. Rehman	1
Muhammad Ghufuran (Nominee KSE)	1	Khurshid Hasan Sabzwari	2
Aftab Mustafa Khan (Nominee SBP)	2	Asad Ali Shah	3
		Salman Ali Shaikh (Nominee SECP)	1
		Adnan Zaman	4

Publications Committee

Meetings Held (2)

Name	Attended	Name	Attended
Abdul Rahim Suriya	2	Muhammad Mahmood Marfatia	0
Abdulwahid	2	Ahsan Ghaffar Mehanti	0
Sophia Ahmed	0	Adnan Ahmad Mufti	0
Jehan Zeb Amin	1	Shakil Akhtar Qureshi	1
Omar Mustafa Ansari	2	Abdul Rab	0
Muhammed Amin Bhimani	1	Rahil Rafiq	0
Faisal Habib	0	Raheel Abbas Rizvi	2
Faisal Imran Hussain	0	Hena Sadiq	1
Kashif Ilyas	0	Ahmad Saeed	2
Asif Jamal	0	M. Arshad Siddiqui	2
Fazal Mahmood	0	Junaid Haji Zikar	0



ICAP'S Priority Commitments in 2007

A Brand Vision & Strategy To
Target: Students; Clients and
Employers (the market); Our
Members

Ensure Responsible Self-
governance

Offer Value and Services

Enhance Competencies

Foster Long-term
Relationships with Members
and Students

Provide Leadership





Financial Statements

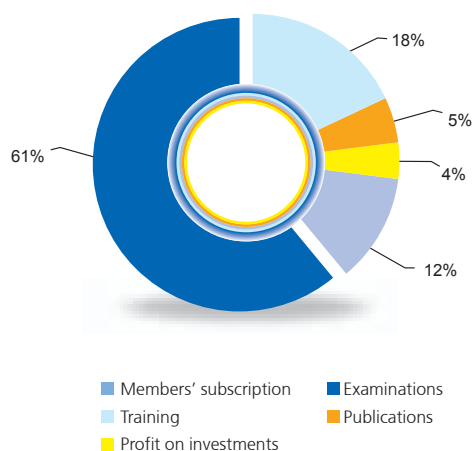
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Five Years Key Financial Highlights

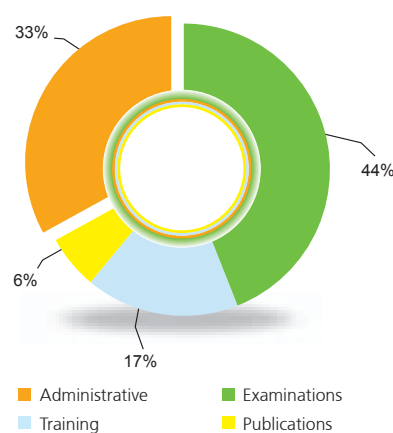
Rupees in million

	2007	2006	2005	2004	2003
Revenues					
Members' subscription	19.33	12.32	8.76	8.26	8.09
Examinations	94.56	67.34	46.17	42.94	40.60
Training	28.65	23.52	17.04	16.60	15.84
Publications	7.39	6.77	6.65	4.31	4.48
Profit on investments	6.13	4.61	3.06	2.40	2.99
Expenditures					
Administrative	46.66	34.45	26.73	19.07	18.33
Examinations	60.74	45.95	36.01	30.48	24.96
Training	24.27	16.90	12.95	11.65	10.48
Publications	8.52	7.02	7.17	4.97	4.50
Assets					
Property, plant and equipments	112.71	102.93	94.88	86.50	78.24
Investments	46.94	38.46	36.25	43.64	38.65
Funding					
General fund	129.39	127.36	126.73	125.49	68.00
Building fund	16.00	16.00	-	-	42.00
Specific funds	3.71	3.64	3.38	2.73	2.65
Endowment funds	20.00	-	-	-	-

Revenue Analysis - 2007



Expenditure Analysis - 2007



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

Adnan Zaman
Chartered Accountant
407, Progressive Plaza,
Beaumont Road,
Karachi

Auditors' Report to the Members

We have audited the annexed balance sheet of THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN ("the Institute") as at June 30, 2007 and the related income and expenditure account and cash flow statement together with the notes forming part thereof (here-in-after referred to as the "financial statements"), for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.


It is the responsibility of the Council of the Institute to establish and maintain a system of internal control and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Chartered Accountants Ordinance, 1961 and Chartered Accountants bye-laws, 1983. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the international auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Council, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, we report that;

- (a) in our opinion, proper books of account have been kept by the Institute as required by the Chartered Accountants Ordinance, 1961 and Chartered Accountants bye-laws, 1983:
- (b) in our opinion:
 - i) the financial statements have been drawn up in conformity with the Chartered Accountants Ordinance, 1961 and Chartered Accountants bye-laws, 1983, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Institute; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Institute;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the financial statements conform with approved accounting standards as applicable in Pakistan, and give a true and fair view of the state of the Institute's affairs as at June 30, 2007 and of the surplus and cash flows for the year then ended.



Muhammad Afzal Munif
Chartered Accountant



Adnan Zaman
Chartered Accountant

Karachi.
Date: September 21, 2007

Balance Sheet

as at June 30, 2007

	Note	2007 Rupees	2006 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	3	112,711,599	102,932,336
Capital work-in-progress	4	13,981,561	-
Intangible assets	5	223,481	333,554
Investments	6	6,537,905	12,655,195
Advances, loans and deposits	7	7,839,842	10,489,305
Assets relating to specific funds	8	3,709,975	3,644,668
		145,004,363	130,055,058
CURRENT ASSETS			
Stock of publications and souvenirs		2,366,055	1,051,012
Current portion of investments	6	8,399,627	-
Short-term investments	9	32,000,000	25,800,000
Loans, advances, prepayments and other receivables	10	5,411,577	5,028,699
Cash and bank balances	11	13,732,257	10,044,500
		61,909,516	41,924,211
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	12	36,723,212	24,657,844
Payable to benevolent fund	13	1,093,900	319,498
		37,817,112	24,977,342
NET CURRENT ASSETS		24,092,404	16,946,869
CONTINGENCIES & COMMITMENTS	14	-	-
		169,096,767	147,001,927
FINANCED BY			
General fund	15	129,386,792	127,357,259
Building fund	16	16,000,000	16,000,000
Specific funds	17	3,709,975	3,644,668
Endowment funds	18	20,000,000	-
		169,096,767	147,001,927

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


Executive Director


President

Income and Expenditure Account

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
Subscription and fees	19	22,762,478	15,826,758
Surplus/(deficit) on:			
Examinations	20	33,820,789	21,382,935
Training	21	4,386,633	6,614,719
Publications	22	(1,130,729)	(257,188)
Seminars and conferences	23	(1,064,745)	85,599
		36,011,948	27,826,065
		58,774,426	43,652,823
Administrative expenses	24	46,664,837	34,453,538
		12,109,589	9,199,285
Other revenue	25	9,919,944	6,531,860
Donations	26	-	900,000
		9,919,944	7,431,860
Surplus		22,029,533	16,631,145
Appropriations			
Transferred to building fund		-	16,000,000
Transferred to endowment funds		20,000,000	-
		20,000,000	16,000,000
Balance carried to general fund		2,029,533	631,145

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


Executive Director


President

Cash Flow Statement

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
Cash flows from operating activities			
Cash receipt from:			
Membership		29,174,977	18,323,234
Examinations		96,543,039	68,289,774
Training		31,013,868	24,312,425
Publications		3,788,085	3,980,125
Seminars and conferences		404,750	7,922,983
Facilities and miscellaneous		3,808,851	1,900,298
Donations		-	900,000
		164,733,570	125,628,839
Cash paid to:			
Employees		61,887,195	45,253,291
Benevolent fund		(774,402)	1,064,343
Regional committees		(884,763)	193,402
Professional bodies		721,272	468,614
Suppliers and vendors		64,620,905	52,250,509
Donation		-	874,359
		125,570,207	100,104,518
		39,163,363	25,524,321
Cash flows from investing activities:			
Investments		(12,000,000)	5,000,000
Fixed capital expenditure		(36,707,934)	(18,036,012)
Proceeds from sale of fixed assets		1,481,053	1,091,218
Income received from investments		3,566,972	2,263,258
Increase in long term advances, loans and deposits		2,384,303	(5,909,179)
		(41,275,606)	(15,590,715)
Net increase/(decrease) in cash and cash equivalents		(2,112,243)	9,933,606
Cash and cash equivalents at the beginning of the year		25,844,500	15,910,894
Cash and cash equivalents at the end of the year	27	23,732,257	25,844,500

For comparison purpose, corresponding figures of seminars and conferences as well as suppliers and vendors have been reclassified appropriately.

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


Executive Director


President

Notes to the Accounts

for the year ended June 30, 2007

1. Nature and status

The Institute of Chartered Accountants of Pakistan is a statutory body established under the Chartered Accountants Ordinance, 1961 (X of 1961) for the regulation of the profession of accountants in the country. The Institute is an approved non-profit organization under clause 36 of section 2 of the Income Tax Ordinance, 2001.

2. Significant accounting policies

2.1 Statement of compliance

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as applicable in Pakistan and the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-laws, 1983.

2.2 Basis of preparation of financial statements

These financial statements have been prepared under the historical cost convention except for certain investments classified as held to maturity and carried at amortized cost as per accounting policy 2.6.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, except leasehold and freehold land which are stated at cost.

Depreciation is charged on reducing balance method at the rates specified in note 3.2.

Depreciation on additions is charged from the day on which the asset is put to use and on disposals, up to the day the asset has been in use.

Normal repairs and maintenance expenses are charged to revenue.

Gains or losses on disposal of property, plant and equipment are included in income.

2.4 Intangible asset

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

2.5 Interest free education loan (IFEL)

General provision is made for doubtful students loans at the rate of 10% of total students loans outstanding as at the balance sheet date.

2.6 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.

Notes to the Accounts

for the year ended June 30, 2007

2.7 Stock of publications

Stock of publications held for sale are stated at lower of cost and net realizable value. Cost is determined on first-in first-out basis. However, cost of certain specified Institute's publications are charged to revenue.

Net realizable value represents estimated selling price less expenses incidental to make the sale.

2.8 Revenue recognition

Income from subscription and fees from members, students and coaching institutions is accounted for on receipt basis with the exception that subscription from members and examination fees from students received for the next year is treated as advance fee and recognized as income in the year it pertains.

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

2.9 Staff retirement benefits

i) Defined benefit plan

The Institute operates a funded gratuity scheme in respect of all its eligible employees. Provision is made annually, to cover obligations under the scheme, by way of charge to income and expenditure account, calculated in accordance with the actuarial valuation. The most recent valuation in this regard was carried out as at June 30, 2006, using the Projected Unit Credit Method.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses, if any.

ii) Defined contribution plan

The Institute operates an approved contributory provident fund for all eligible employees. In addition, there exists a Benevolent and Group Insurance Scheme for eligible employees. Contributions thereto are charged to income and expenditure account.

2.10 Foreign currencies translation

Transactions denominated in foreign currencies are recorded, on initial recognition, in rupees by applying to the foreign currency amount the exchange rate between the rupee and the foreign currency at the date of transaction.

Outstanding foreign currency monetary items at the balance sheet date are recorded at the closing exchange rate.

2.11 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Institute becomes a party to contractual provision of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income and expenditure account.

Notes to the Accounts

for the year ended June 30, 2007

2.12 Provisions

Provisions are recognized in the balance sheet when the Institute has a legal or constructive obligation as a result of past events and it is probable that out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.13 Impairment loss

The carrying amount of the Institute's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. Impairment losses, if any, are recognized as expense in the income and expenditure account.

2.14 Cash and cash equivalent

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	2007 Rupees	2006 Rupees
3 Property, plant and equipment			
Leasehold land - Preedy Street Karachi	3.1	18,233	18,233
Operating assets	3.2	112,693,366	102,914,103
		112,711,599	102,932,336

3.1 Leasehold land - Preedy Street Karachi:

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

Notes to the Accounts

for the year ended June 30, 2007

3.2 Operating assets

Particulars	Cost			Rate %	Depreciation		Written down value as at June 30, 2007
	As at July 1, 2006	Additions	Deletions		For the year June 30, 2007	As at June 30, 2007	
TANGIBLE							
Land and building							
Leasehold land	1,601,450	-	-		-	-	1,601,450
Freehold land	4,581,500	-	-		-	-	4,581,500
Buildings on leasehold land	69,220,978	128,000	-	5	2,706,056	17,880,249	51,468,729
Building on freehold land	11,092,663	-	-	5	350,655	4,430,222	6,662,441
	86,496,591	128,000	-		3,056,711	22,310,471	64,314,120
Plant and machinery							
Air conditioning plant	962,766	-	-	15	30,382	-	172,164
Generators	3,741,354	1,323,500	-	15	518,036	1,491,577	3,573,277
Electric fittings, air conditioners and appliances	12,554,816	2,722,391	-	15	1,402,009	5,389,818	9,887,389
	17,258,936	4,045,891	-		1,950,427	7,671,997	13,632,830
Furniture and fixtures							
Vehicles	13,287,121	2,144,668	-	10-20	946,615	6,424,355	9,007,434
	11,072,225	9,649,170	(1,716,500)	20	3,128,501	(286,703)	14,165,466
Office equipment	15,291,897	6,758,644	(198,800)	15-33	2,393,145	(156,886)	11,573,516
Total Rupees - 2007	143,406,770	22,726,373	(1,915,300)		11,475,399	(443,589)	112,693,366
Total Rupees - 2006	124,910,480	20,221,290	(1,725,000)		8,824,706	(650,818)	102,914,103

Depreciation charge for the year has been allocated as under:

Note	Depreciation	
	2007 Rupees	2006 Rupees
Examinations	20	7,114,747
Training	21	2,065,572
Publications	22	573,770
Administrative expenses	24	1,721,310
		11,475,399
		8,824,706

Notes to the Accounts

for the year ended June 30, 2007

3.3 Statement of disposal of operating assets

Particulars	Cost	Accumulated Depreciation	Written down Value	Sales Proceeds/ Disposal	Gain/(Loss)	Mode	Particular of Purchaser
Vehicles							
Honda City	886,000	21,847	864,153	880,000	15,847		Insurance claim received
Honda City	830,500	264,856	565,644	565,644	-	Sale	Mr. M. Akhtar Ex. Regional Director (North)
	1,716,500	286,703	1,429,797	1,445,644	15,847		
Computers							
Laptop	124,000	92,591	31,409	31,409	-	Sale	Mr. M. Akhtar Ex. Regional Director (North)
Desktop	74,800	64,295	10,505	4,000	(6,505)	Trade In	N. K. Computers
	198,800	156,886	41,914	35,409	(6,505)		
Total	1,915,300	443,589	1,471,711	1,481,053	9,342		

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
4 Capital work-in-progress			
Balance as on July 1		-	2,272,701
Cost incurred during the year	4.1	13,981,561	4,277,999
		13,981,561	6,550,700
Less: Transferred to operating assets		-	(6,550,700)
		13,981,561	-
4.1	This represents payments in respect of civil, electrical and furnishing work being carried out at Karachi, Lahore and Islamabad offices of the Institute.		
5 Intangible assets			
Computer software			
Cost as on July 1		1,459,495	1,372,072
Addition during the year		-	87,423
Cost as on June 30		1,459,495	1,459,495
Less : Amortization as on July 1		(1,125,941)	(983,179)
Amortized during the year	5.1	(110,073)	(142,762)
Amortization as on June 30		(1,236,014)	(1,125,941)
		223,481	333,554
5.1	Amortization charge for the year has been allocated as under:		
Examinations	20	68,245	84,230
Training	21	19,813	29,980
Publications	22	5,504	8,566
Administrative expenses	24	16,511	19,986
		110,073	142,762
6 Investments - held to maturity			
Defence Saving Certificates		14,937,532	12,655,195
Less: Current portion of investments transferred to current assets		(8,399,627)	-
		6,537,905	12,655,195

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
7 Advances, loans and deposits			
Advances - Booking of cars		-	4,785,000
Vehicle loans (secured - considered good)	7.1	547,668	573,475
Less: Recoverable within one year		(189,972)	(168,176)
		357,696	405,299
Students loans (unsecured - considered good)	7.2	7,613,225	5,277,925
Less : General provision for doubtful loans		(815,945)	(550,785)
		6,797,280	4,727,140
		7,154,976	5,132,439
Deposits		684,866	571,866
		7,839,842	10,489,305
7.1	These are interest free motor cycle loans to employees recoverable within 2 to 5 years. Motor cycles provided under this scheme are registered in the joint names of the Institute and employees.		
7.2	These are Interest Free Education Loans (IFEL) to students recoverable on qualifying or securing employment.		
8 Assets relating to specific funds			
Prize fund			
Defence Saving Certificates - Held to maturity		1,633,353	1,548,655
Accrued profit on PLS accounts		3,398	-
Balance with bank (PLS accounts)		681,373	703,988
		2,318,124	2,252,643
Qarz-e-hasna fund			
Loans to students		195,320	207,320
Balance with bank		611,606	599,780
		806,926	807,100
IFEL fund			
Loans to students		546,225	229,925
Balance with bank		38,700	355,000
		584,925	584,925
		3,709,975	3,644,668

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
9. Short term investments	9.1	32,000,000	25,800,000
9.1 This amount represents face value of investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates ranging between 8.5% and 11% (2006: 9.75% and 11%) per annum.			
10 Loans, advances, prepayments, and other receivables			
Current portion of vehicle loans	7	189,972	168,176
Advances (considered good)			
Secured			
Staff	10.1	236,014	249,999
Unsecured			
Others		1,823,667	1,505,836
		2,059,681	1,755,835
Prepayments		503,664	265,234
Other receivables (considered good)			
Accrued profit on short term investments		1,116,803	833,261
Advertisement revenue receivable		342,710	252,018
Accrued revenue CIMA		-	441,533
Receivable on account of seminars / conferences		130,250	535,000
Receivable from ICAP Employees provident fund		-	58,092
Receivable on account of revenue from facilities		205,700	23,200
Others		862,797	696,350
		2,658,260	2,839,454
		5,411,577	5,028,699

10.1 Staff advances are secured against the employees provident fund balances.

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
11 Cash and bank balances			
Cash in hand		162,768	97,850
Cash at bank			
Current accounts		4,414,002	3,186,565
PLS accounts		9,155,487	6,760,085
		13,569,489	9,946,650
		13,732,257	10,044,500
12 Creditors, accrued and other liabilities			
Creditors		3,440,411	1,887,387
Accrued expenses			
Examination conducting charges		3,104,215	1,933,664
Bonus to employees		847,429	725,039
Provision for property tax	12.1	2,401,975	1,981,975
Legal expenses		-	776,250
Architect fee		184,964	184,964
Others		503,414	728,150
		7,041,997	6,330,042
Advance fees and charges			
Members		11,474,552	7,766,280
Examination		3,680,870	2,143,900
Training		1,200,000	-
Others		149,600	-
		16,505,022	9,910,180
Retention money		1,849,877	1,530,388
Other liabilities			
Students' association		56,650	156,650
Regional committees			
South		409,916	140,003
North		801,250	186,400
		1,211,166	326,403
IASC Foundation royalty payable		552,362	315,462
Defined benefit plan - Gratuity fund	12.2	5,583,647	3,865,962
Others		482,080	335,370
		7,885,905	4,999,847
		36,723,212	24,657,844

12.1 This represents a provision for property tax of Karachi building amounting to Rs. 2.402 million as estimated by the management. (2006 : Rs 1.982 million).

12.2 This represents amount payable towards defined benefit plan (gratuity fund), computed on the basis of actuarial valuations. The amount has been transferred to the fund on recognition by the concerned authority subsequent to the balance sheet date.

Notes to the Accounts

for the year ended June 30, 2007

	2007 Rupees	2006 Rupees
a) The amount recognized in the balance sheet is as follows:		
Present value of defined benefit obligation	5,583,647	3,865,962
b) Movement in net liability recongized in the balance sheet is as follows:		
Opening balance	3,865,962	-
Charge for the year	1,727,685	3,865,962
Payment during the year	(10,000)	-
Closing balance	5,583,647	3,865,962
c) Amount recognized in the income and expenditure account is as follows:		
Current service cost	1,341,089	-
Interest cost	386,596	-
Past service cost - vested	-	3,865,962
	1,727,685	3,865,962
Actuarial assumptions for valuation:		
- Discount rate	10%	10%
- Salary increase rate	10%	10%
13 Benevolent fund		
Balance as on July 1	319,498	1,383,841
Subscription and group insurance premium received during the year	3,412,827	2,788,421
	3,732,325	4,172,262
Transferred to benevolent fund / adjustments made during the year	2,638,425	3,852,764
	1,093,900	319,498
14 Contingencies and commitments		
14.1	A demand for property tax amounting to Rs. 5.1 million was raised by the Cantonment Board for the Institute's building at Karachi. The property tax is based on Annual Rental Value at commercial rates, whereas the management is of the view that the Institute is exempt from property tax, or if tax is applicable, significantly lower rate needs to be applied as the building is being used for non-profit purposes. Subsequent to balance sheet date, a bill has been raised by the Cantonment Board which also includes conservancy tax amounted to Rs. 1.6 million in addition to he property tax as mentioned above. Against the above demand, a sum of Rs. 2.402 million (refer note 12.1) has been provided in these accounts.	
14.2	Capital commitments outstanding is amounted to Rs. 12 million (2006: Nil).	

Notes to the Accounts

for the year ended June 30, 2007

	2007 Rupees	2006 Rupees
15 General fund		
Balance as on July 1	127,357,259	126,726,114
Transferred from Income and Expenditure Account	2,029,533	631,145
	129,386,792	127,357,259

16 Building fund		
Balance as on July 1	16,000,000	-
Transferred from Income and Expenditure Account	-	16,000,000
	16,000,000	16,000,000

	Qarz-e-hasna fund	Prize fund	IFEL fund	2007 Rupees	2006 Rupees
17 Specific funds					
Balance as on July 1	807,100	2,252,643	584,925	3,644,668	3,383,520
Add: Profit on investments		249,361		249,361	296,560
Donations	-	-	-	-	177,500
Contributions received		100,000		100,000	-
Gold medal expenditure	-	(283,280)	-	(283,280)	(133,450)
Payable to the Institute	-	-	-	-	(78,612)
Bank charges	(174)	(600)	-	(774)	(850)
	806,926	2,318,124	584,925	3,709,975	3,644,668

18 Endowment funds		
Students' endowment fund	15,000,000	-
Libraries development endowment fund	5,000,000	-
	20,000,000	-

- 18.1** The institute has established Students' endowment and Libraries development endowment funds with initial outlay of Rs.30 million and Rs.10 million respectively. The above amounts represent 50% contribution by the Institute against this initial outlay.

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
19 Subscription and fees			
Admission fees		426,200	390,400
Annual subscription		22,038,045	14,169,828
Allocated to publications	22	(2,704,227)	(1,849,870)
		19,333,818	12,319,958
Fees for certificates of practice		2,937,450	2,966,600
Fees for permission to train students		63,400	96,800
Fees for firm name with foreign affiliation		-	50,000
Penalties on members		1,610	3,000
		22,762,478	15,826,758
20 Examinations			
Revenue			
Examination		75,410,804	51,317,515
Annual registration		8,538,346	6,278,565
Examination conducting		1,035,021	758,687
Entrance test exemption		6,522,480	6,174,250
Entrance test		2,899,050	2,723,855
Others		158,835	84,550
		94,564,536	67,337,422
Expenses			
Salaries, allowances and other benefits		16,664,078	12,727,117
Employees health insurance		316,126	186,367
Traveling and related expenses		964,109	335,421
Postage and telephone		1,857,016	1,564,685
Printing and stationery		1,471,217	1,444,163
Utilities		3,066,315	2,231,534
Examination charges		20,475,312	15,435,049
Conveyance		76,654	150,994
Entrance test conducting charges		121,600	182,950
Advertisements		296,696	290,101
Cost of gold medals / award ceremony		287,016	181,229
Books and publications		100,214	26,493
Vehicles maintenance		546,819	168,934
Rent		408,000	111,000
Allocation of common service charges	29	6,245,428	5,385,649
Depreciation	3.2	7,114,747	5,206,577
Amortization	5.1	68,245	84,230
Others		664,155	241,994
		60,743,747	45,954,487
		33,820,789	21,382,935

For comparison purpose, corresponding figures of vehicle maintenance, rent and others have been reclassified appropriately.

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
21 Training			
Revenue			
Registration fees		26,822,968	21,532,125
Allocated to publications:			
Cost of Pakistan Accountant and Newsletter provided to the students	22	(1,158,954)	(792,801)
		25,664,014	20,739,324
Registered Accounting Education Tutors' fees		2,990,900	2,780,300
		28,654,914	23,519,624
Expenses			
Salaries, allowances and other benefits		12,275,062	7,867,351
Employees health insurance		175,598	164,768
Traveling and related expenses		912,654	603,536
Postage and telephone		842,920	505,969
Printing and stationery		1,164,081	544,982
Utilities		890,220	794,275
Advertisements and exhibitions		1,880,840	1,123,591
Books and publications		435,013	53,840
Registered Accounting Education Tutor's appraisal cost		142,593	643,868
General provision for doubtful student loans		265,160	197,668
Rent		628,000	111,000
Allocation of common service charges	29	1,813,188	1,916,926
Depreciation	3.2	2,065,572	1,853,188
Amortization	5.1	19,813	29,980
Others		757,567	493,963
		24,268,281	16,904,905
		4,386,633	6,614,719

For comparison purpose, corresponding figures of rent and others have been reclassified appropriately.

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
22 Publications			
Revenue			
Sale of publications		3,233,380	3,660,547
Advertisement - Pakistan Accountant		289,997	463,812
Allocation from :			
Subscription and fees - members	19	2,704,227	1,849,870
- trainee students	21	1,158,954	792,801
		7,386,558	6,767,030
Expenses			
Salaries, allowances and other benefits		527,048	412,897
Employees Health Insurance		14,797	9,577
Postage and telephone		1,458,772	805,271
Printing cost			
Pakistan Accountant		738,100	1,089,450
Newsletter		291,330	294,220
Royalty		408,710	366,044
Members' Information & Education Series		930,213	178,198
Other publications		2,771,159	2,509,384
		5,139,512	4,437,296
Utilities		247,283	226,936
Allocation of common service charges	29	503,664	547,693
Depreciation	3.2	573,770	529,482
Amortization	5.1	5,504	8,566
Others		46,937	46,500
		8,517,287	7,024,218
		(1,130,729)	(257,188)

For comparison purpose, corresponding figures of Members' Information & Education Series and other publications have been reclassified appropriately.

23 Seminars and conferences

CAPA Conference 2007	(451,800)	-
IFAC Conference - 2006		
Receipts	-	4,744,600
Expenses	-	(4,599,332)
	-	145,268
1st South Asian Accounting Summit 2006		
Receipts	-	3,614,500
Expenses	-	(3,387,093)
	-	227,407
Other seminars	(612,945)	(287,076)
	(1,064,745)	85,599

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
24 Administrative expenses			
Salaries, allowances and other benefits		25,428,927	18,488,303
Employees health insurance		541,031	334,250
Traveling and related expenses		7,805,112	4,651,362
Postage and telephone		855,002	945,823
Fees to professional bodies		721,272	468,614
Printing and stationery		1,187,004	941,099
Legal and professional		920,600	782,466
Auditors' remuneration	24.1	100,000	100,000
Rates and taxes		603,948	584,518
Utilities		741,851	529,516
Annual general meeting		305,250	366,635
Books and publications		185,338	184,031
Conveyance		72,392	69,102
Entertainment		531,596	489,943
Bank charges		514,974	368,140
Insurance		570,075	541,339
Advertisements		593,333	356,798
Vehicles maintenance		1,178,857	621,098
Employees training expenses		136,302	45,600
Allocation of common service charges	29	1,315,282	1,046,579
Depreciation	3.2	1,721,310	1,235,459
Amortization	5.1	16,511	19,986
Donations	24.2	-	874,359
Others		618,870	408,518
		46,664,837	34,453,538
24.1 Auditors' remuneration			
Audit fees:			
M. Afzal Munif		50,000	50,000
Adnan Zaman		50,000	50,000
		100,000	100,000
24.2 Donations			
President's earth quake relief fund		-	2,138,000
Less: received from members, institutions and staff		-	(1,263,641)
		-	874,359

For comparison purpose, corresponding figures of employee training expenses and others have been reclassified appropriately.

Notes to the Accounts

for the year ended June 30, 2007

	Note	2007 Rupees	2006 Rupees
25 Other revenue			
Profit on investments		6,132,851	4,614,526
Revenue from facilities		3,776,767	1,898,097
Exchange gain on foreign currency		984	2,201
Profit on sale of fixed assets	3.3	9,342	17,036
		<u>9,919,944</u>	<u>6,531,860</u>
26 Donations			
Donation received for library		-	900,000
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	11	13,732,257	10,044,500
Short term investments realizable within three months		10,000,000	15,800,000
		<u>23,732,257</u>	<u>25,844,500</u>

Notes to the Accounts

for the year ended June 30, 2007

28 Financial instruments and related disclosures

28.1 Financial assets and liabilities

	Effective interest rate	Interest / mark-up bearing			Non-Interest / Non Mark-up bearing		
		Upto one month	Over one month to one year	Sub Total	Upto one month	Over one month to one year	Sub Total
Rupees							
Financial assets							
Advances, loans and deposits	-	-	-	-	-	7,839,842	7,839,842
Investments	18%	-	8,399,627	14,937,532	-	-	14,937,532
Assets relating to specific funds	1% - 18%	841,514	816,473	660,137	650,306	741,545	1,391,851
Short term investment	8.5% - 11%	5,000,000	27,000,000	-	-	-	32,000,000
Loans, advances, prepayments and other receivables	-	-	-	-	72,203	4,835,710	4,907,913
Cash and bank balances	1%	9,155,487	-	9,155,487	4,576,770	-	4,576,770
		14,997,001	36,216,100	7,198,042	5,299,279	4,835,710	18,716,376
				58,411,143		8,581,387	77,127,519
Financial liabilities							
Creditors, accrued and other liabilities	-	-	-	-	5,982,900	11,833,315	17,816,215
Benevolent fund	-	-	-	-	1,093,900	-	1,093,900
		-	-	-	7,076,800	11,833,315	18,910,115
Net financial assets/(liabilities) - 2007		14,997,001	36,216,100	7,198,042	58,411,143	(6,997,605)	8,581,387
Net financial assets/(liabilities) - 2006		23,264,073	10,000,000	14,203,850	47,467,923	862,655	6,844,023
						10,926,550	54,311,946

28.2 Foreign currency risk

Financial assets exposed to foreign exchange rate risk included in cash and bank balances amounted to Rs. 1,245,686/-.

28.3 Interest rate risk management

Interest rate risk arises from the possibility that changes in interest rates will effect the value of financial instruments.

As the Institute's financial instruments are invested in Federal Government securities and other fixed rate securities, with rated banks and financial institutions, the Institute does not believe it is exposed to interest rate risk.

28.4 Risk management

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

28.5 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 Defence Saving Certificates that are carried at amortized cost using the effective yield method amounted to Rs. 14,94 million (2006: Rs. 12.66 million) as against the fair value of Rs. 12.60 million (2006 Rs. 10.43 million).

Notes to the Accounts

for the year ended June 30, 2007

29 Allocation of common service charges

	2007				2006			
	Total Amount	Examinations 62%	Training 18%	Publications 5%	Administration 15%	Total Amount	Examinations 59%	Training 21%
Salaries, allowance and benefits (Accounts and general)	6,066,918	3,761,489	1,092,045	303,346	910,038	5,239,620	3,091,376	1,100,320
Travelling and related expenses	1,304,733	808,934	234,852	65,237	195,710	1,652,660	975,069	347,059
Postage & telephone	665,150	412,393	119,727	33,258	99,772	383,751	226,413	80,588
Printing and stationery	204,736	126,936	36,852	10,237	30,711	310,521	183,207	65,209
Utilities	4,945,669	3,066,315	890,220	247,283	741,851	3,782,261	2,231,534	794,275
Entertainment	180,924	112,173	32,566	9,046	27,139	139,444	82,272	29,283
Depreciation	11,475,399	7,114,747	2,065,572	573,770	1,721,310	8,824,706	5,206,577	1,853,188
Amortization	110,073	68,245	19,813	5,504	16,511	142,762	84,230	29,980
Repairs and maintenance	2,315,961	1,435,896	416,873	115,798	347,394	1,785,974	1,053,725	375,055
TOTAL	27,269,563	16,907,128	4,908,520	1,363,479	4,090,436	22,261,699	13,134,403	4,674,957
Less : Shown separately / merged with respective direct expenses and sundries								
Travelling and related expenses	(195,710)	-	-	-	(195,710)	(231,372)	-	-
Postage and telephone	(665,150)	(412,393)	(119,727)	(33,258)	(99,772)	(383,751)	(226,413)	(80,588)
Utilities	(4,945,669)	(3,066,315)	(890,220)	(247,283)	(741,851)	(3,782,261)	(2,231,534)	(794,275)
Depreciation	(11,475,399)	(7,114,747)	(2,065,572)	(573,770)	(1,721,310)	(8,824,706)	(5,206,577)	(1,853,188)
Amortization	(110,073)	(68,245)	(19,813)	(5,504)	(16,511)	(142,762)	(84,230)	(29,980)
Sub. Total	(17,392,001)	(10,661,700)	(3,095,332)	(859,815)	(2,775,154)	(13,364,852)	(7,748,754)	(2,758,031)
Allocated to common service charges	9,877,562	6,245,428	1,813,188	503,664	1,315,282	8,896,847	5,385,649	1,916,926
Publications 6%								
Administration 14%								
TOTAL								
Allocated to common service charges								
Publications 6%								
Administration 14%								
TOTAL								

Common expenses have been allocated to each department on the basis of revenue of the respective departments.

30 Number of employees

Total number of employees at the year end was 163 (2006: 137)

31 Pakistan Institute of Corporate Governance (PICG) of which the Institute is a member, is using its premises and utilities on no-charge basis.

31 Date of authorization for issue

The Council of the Institute authorized these financial statements for issue on September 11, 2007.


Executive Director


President

Overall Income and Expenditure Account

for the year ended June 30, 2007

	2007 Rupees	2006 Rupees
Revenue		
Members fees	25,466,705	17,676,628
Examination	94,564,536	67,337,422
Training	29,813,868	24,312,425
Publications	3,523,377	4,124,359
Seminars and conferences	-	8,359,100
	153,368,486	121,809,934
Expenses		
Salaries, allowances and other benefits	60,962,033	44,735,288
Employees health insurance	1,047,552	694,962
Traveling and related expenses	10,790,898	7,011,607
Postage and telephone	5,013,710	3,821,748
Fees to international professional bodies	721,272	468,614
Printing and stationery	4,027,038	3,240,765
Legal and professional	962,100	782,466
Rates and taxes	625,948	584,518
Utilities	4,945,669	3,782,261
Auditor's remuneration	100,000	100,000
Annual general meeting	305,250	366,635
Books and publications	720,564	264,364
Conveyance	255,168	273,234
Entertainment	1,081,590	870,765
Bank charges	517,887	369,637
Insurance	786,595	541,339
Advertisements and exhibitions	2,770,869	1,770,491
Vehicles maintenance	1,895,634	1,030,438
Depreciation	11,475,399	8,824,706
Amortization	110,073	142,762
Examination charges	20,475,312	15,435,049
Cost of gold medals and award ceremony	287,016	181,229
Entrance test conducting charges	121,600	182,950
Registered accounting education tutor's appraisal cost	142,593	643,868
Employees training expenses	224,061	49,700
Publications-printing cost	5,139,512	4,437,296
Repairs and maintenance	2,315,961	1,785,974
General provision for doubtful students loans	265,160	197,668
Rent	1,036,000	222,000
Seminars and conferences	1,064,745	8,273,501
Donations	-	874,359
Sundry expenses	1,071,688	650,455
	141,258,897	112,610,649
	12,109,589	9,199,285
Other revenue	9,919,944	6,531,860
Donation received	-	900,000
Surplus	22,029,533	16,631,145
Appropriations		
Transferred to building fund	-	16,000,000
Transferred to endowment funds	20,000,000	-
	20,000,000	16,000,000
Balance carried to general fund	2,029,533	631,145

Overall Income and Expenditure Account

for the year ended June 30, 2007

	2007 Rupees	2006 Rupees
Following staff retirement benefits are included in the salaries, allowances and other benefits:		
Defined benefit plan - Gratuity Fund	1,727,685	3,865,962
Defined contribution plan - Provident Fund	2,979,253	2,073,013
Defined contribution plan - Benevolent and Group Insurance Funds	352,472	285,070
	5,059,410	6,224,045


Executive Director


President