

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 consisting of the Secretary and Directors of respective departments.

The Council consists 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

Syed Asad Ali Shah, FCA

Vice Presidents

Farrukh Viqaruddin Junaidy, FCA (South)

Rashid Rahman Mir, FCA (North)

Members

Abdul Rahim Suriya, FCA

Ahmad Saeed, FCA

Imran Afzal, FCA

Mohammad Abdullah Yusuf, FCA

Nasimuddin Hyder, FCA

Rafaqatullah Babar, FCA

Razi-ur-Rahman Khan, FCA

Shahzad Hussain, FCA

Shaikh Saqib Masood, FCA

Syed Mohammad Shabbar Zaidi, FCA

Syed Shahid Husain Jafri, FCA

Waqar Masood Khan



REGIONAL COMMITTEES

S O U T H E R N

Chairman

Syed Najmul Hussain, FCA

Honorary Secretary

Pervez Muslim, FCA

CPD Convener

Mehmood Abdul Razzak, FCA

Members

Nadeem Yousuf Adil, FCA

Zahid Iqbal Bhatti, FCA

N O R T H E R N

Chairman

Shibli Islam Rehan, FCA

Honorary Secretary

Irfan Ilyas, FCA

CPD Convener

Rana Muhammad Usman Khan, FCA

Members

Khan Mohammad, FCA

Muhammad Ahmad Shahid, FCA

Talat Javed, FCA

MANAGEMENT

Executive Director

Moiz Ahmad, FCA

Secretary

Fazal Husain Saifee, FCA

Director Examinations

Syed Masood Akhtar, FCA

Director Education & Training

Omair Jamal, FCA

Director Professional Standards Compliance and Evaluation

Muhammad Asif Iqbal,
ACA

Director Technical Services

Shahid Hussain, ACA

Regional Head

Najam uddin Shad

Regional Administrator (Islamabad)

S. M. Taqui Hussain

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Peoples Colony

Faisalabad.

Phone: (92-41) 8531028

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Street No. 2

Peshawar Cantt.

Phone: (92-91) 5254337

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 47th Annual General Meeting of the Institute of Chartered Accountants of Pakistan will be held on Thursday, October 16, 2008 at 7:45 p.m. at ICAP House, Karachi.

A G E N D A

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 46th 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, 2008.
3. Appointment of auditors for the year ending June 30, 2009. Mr. Adnan Zaman, FCA has desired not to be reappointed as auditor for the year 2008-09. Two members have proposed to appoint Mr. Qasim Ebrahim Causer, FCA and Mr. Muhammad Afzal Munif, FCA as joint auditors of the Insititute for the year 2008-09.
4. Any other business with the permission of the Chair.



Fazal H. Saif
Secretary

Karachi, September 22, 2008

COUNCIL'S REPORT

*The Council of the Institute of Chartered Accountants of Pakistan (ICAP)
is pleased to present its Annual Report 2008.*

HIGHLIGHTS OF THE YEAR

SAFA Conference 2008 in Lahore

At the initiative of Past President ICAP Imran Afzal, South Asian Federation of Accountants (SAFA) Conference 2008 titled Value Creation by Professional Accountants was jointly held by ICAP and ICMAP in Lahore on April 4 and 5. Muhammad Ishaq Dar, Federal Minister for Finance, Economic Affairs and Commerce, inaugurated the conference. Former Minister for Industries, Salman Taseer delivered the keynote address, followed by an address by President SAFA Syed Shabbar Zaidi.

Chairman SAFA Conference organizing committee Rashid Rahman Mir welcomed around 800 participants to the

conference, including delegates from all SAFA member bodies. Along with members of ICAP and ICMAP, local attendees included representatives from national and multinational companies in the financial, service and industrial sectors, and regulatory bodies.

Three Technical Sessions titled Reporting for Value; Strengthening the Businesses; and Global Integration from a Regional Perspective, chaired respectively by former Chairman Federal Board of Revenue M. Abdullah Yusuf; President of the Institute of Chartered Accountants of Nepal Ratna Raj Bajracharya; and Rector Lahore School of Economics Dr. Shahid Amjad Chaudhry were held on the second day, as was a special Panel Discussion on Value Creation by Professional Accountants. Panelists comprised heads of all SAFA member bodies.

SAFA Conference was given significant coverage in mainstream print and electronic media. The event was managed by an organizing committee comprising volunteers assisted by ICAP staff at Lahore and Karachi.



ICAP representatives on the committee were Hafiz Muhammad Yousaf, Fariduddin Ahmad, Naeem Akhtar Sheikh, Asim Nazir, Irfan Rahman Malik, Shahzad Hussain, Rana Muhammad Usman, Shibli Islam Rehan, Maria Qamar, Shaikh Muhammad Fahim and Ajmal Masood.

The SAFA Conference owes its success to our lead sponsors Allied Bank Ltd., main sponsors Wateen Telecom, and co-sponsors PepsiCo.

New Developments at ICAP

Peshawar Office Opening

We are very pleased to announce the opening of ICAP's Peshawar office. The property features a conference room and a library.



Renovated Offices at Karachi, Lahore and Islamabad

A bold renovation of Karachi, Lahore and Islamabad offices was undertaken last year, the results of which are clearly visible in our refurbished premises which now sport a modern and refined look that boosts the Institute's image.

Extension of Members' Library/Lounge at Head Office

Another priority was to develop the Members' Library and Lounge so that they integrate comfort and ambience for our members. The extended premises are now able to cater to more of our members who would like to avail the facility.

Computerized Registration for PPT

The system of Centralized Registration Number has been introduced to facilitate access to the complete record of a student through a single allocated number. This will enable students to interface with the Institute more easily.

Integration of Collection System at All ICAP Offices

The integration will provide quick access between fee and payment information to our members and students from any ICAP office.

Distribution of Endowment Funds

The Council has made the Endowment Fund a priority on the Institute's agenda. Thanks to the efforts of all those involved, the Fund is now fully functional with 73 disbursements in 2008 to students fulfilling eligibility criteria.

Through the Endowment Fund, the Institute wants to keep its doors open for generations of students to come.

EDUCATION & TRAINING

Nurturing Business Leaders All Pakistan CA Students' Conference March 2008

The All Pakistan Chartered Accountancy Students' Conference was held in Lahore on March 29, 2008. The theme of this year's conference was Chartered Accountancy – Nurturing Business Leaders. Imran Afzal, President ICAP,



and Syed Mohammad Shabbar Zaidi, President SAFA inaugurated the conference. Tariq Iqbal, Chairman and Managing Director of National Investment Trust (NIT) was the Chief Guest.

With 500 participants the conference was hailed as a highlight of DET's yearly initiatives of providing learning platform to the young intellectual minds of the profession.

Debate Competition

ICAP held inter-RAET debate competitions in Karachi, Lahore and Islamabad during May 2008 for students



of Modules A to D. The topic of debate in Karachi and Lahore was Media Independence: A Blessing or a Threat. In Islamabad students debated the Internal and External Threats of Terrorism. The debaters were feisty and confident and came armed with strong arguments in favor of and against the proposed themes.

Forty students took part in the competition. The winners' names were announced in the Newsletter for the month of June.

Inter-RAET Writing Skills Competition

As an extension of its policy of fostering students' softer skills, the Institute organized a Writing Skills Competition among students of Modules A to D on the topic "Wedding Culture in our Society". Students showed great enthusiasm by sending in their compositions. The winners' names were announced in the Newsletter for the month of August.

Paper Specific Study Workshops for Modules E and F Students

To facilitate the examinees of Modules E and F, DET organized a series of Paper Specific Study Workshops on Advanced

Accounting & Financial Reporting, Advanced Taxation and Business Finance Decisions in Karachi, Islamabad and Lahore in October & November 2007 and April & May 2008.

Career Counseling Sessions

During the year 2007-08, ICAP Education Team conducted various career counseling sessions by visiting schools and colleges, and participating in the Dawn Education Expo 2008 and Scenario Group Expo. The sessions provided an opportunity to provide guidance to the bright young minds in pursuing chartered accountancy:

Career Counseling Activities During 2007-08

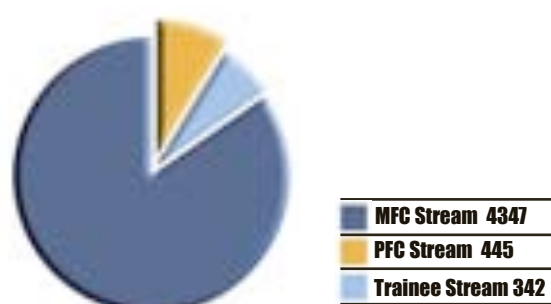
City	No. of Institutes Visited	No. of students counseled
Abbottabad	01	257
Faisalabad	10	1,427
Gujranwala	05	1,085
Islamabad	08	570
Karachi	14	2,635
Lahore	11	744
Multan	10	897
Rawalpindi	06	822
Wah	02	687
Dawn Education Expo 2008 (Karachi, Lahore and Islamabad)	-	1,500
Scenario Group Expo (Gujranwala, Faisalabad and Sargodha)	-	4,929

Status of Training Organizations

During the year 52 new firms were inducted as Training Organizations (TO). The status of Training Organizations upto June 30, 2008 is as follows:

Description	11 and Above Partners	6 - 10 Partners	3 - 5 Partners	2 Partners	Sole Proprietor	Total
Total Firms	5	13	27	58	124	227
Applications Received	5	11	20	36	48	120
Approved as TO	4	11	16	33	41	105
In Process	1	0	4	3	7	15
Applications not Received	0	2	6	21	75	107

Students Intake 2007-2008



New RAETs Approved for Conducting MFC Courses

During the year the following RAETs were approved for conducting MFC courses:

1. The Professionals' Academy of Commerce, Gujranwala
2. Multan College of Accountancy, Multan
3. Islamabad College of Accounts and Finance, Rawalpindi
4. Wah College of Accountancy, Wah Cantt
5. School of Business and Management, Islamabad
6. SKANS School of Accountancy, Faisalabad

Review of Minimum Stipend Rates for Trainees

The Council revised minimum stipend rates payable to trainees, as given below, with effect from July 1, 2008:

Particulars	Per Month Amount in Rs.
Intermediate Passed / Exempted Trainee Students	
On commencement of training contract	6,500/=
On passing Module E or F	10,000/=
On qualifying	25,000/=
Graduate / Post Graduate Trainee Students	
On commencement of training contract	6,500/=
On passing Module E or F	10,000/=
On qualifying	25,000/=

Representation on IAESB of IFAC

Abdul Rahim Suriya FCA, member International Accounting Education Standards Board (IAESB) of IFAC along with Director-Education & Training (as technical advisor) attended the IAESB meetings held in Beijing, China from October 22 to 24, 2007 and in Dublin, Ireland from May 26 to 28, 2008.

Representation on SAFA

Khaliq-ur-Rahman FCA, member SAFA Committee on Education, Training and CPD attended the committee meeting in Mumbai India in December 2007 and presented the minimum common syllabi developed by ICAP for SAFA chartered accountancy bodies.

In the year 2008-09 the Directorate envisions broadening the scope of its activities at various fronts. In addition to the existing methods adopted for reaching out to bright minds, the Directorate also plans to establish liaisons with various Boards of Intermediate Education and NGOs for deserving students. For facilitation of its students, it aims to develop question banks on selective subjects, organize study workshops and students' conference. For fostering softer skills of the students, it aspires to organize more public speaking and writing skills contests.



BOARD OF STUDIES

The Board of Studies continues working towards achieving its aim to provide quality study material to our students. A number of important projects have been completed during the year. The Board has reviewed and approved 12 study packs for students of Intermediate and Final levels. Review of another six subjects of Foundation and Intermediate levels is in process. The Board has also been able to identify several accomplished writers to compile textbooks for our students. A textbook on Financial Accounting is set to be published during the year.

The Board of Studies has further contributed in developing SAFA's 'Minimum Common Syllabi' contents to bring them in uniformity to increase

acceptance of professionals amongst member countries. Moreover, the Board is successfully running "Call the Counselor Program" to facilitate students to interact with counselors for queries pertaining to examination techniques, understanding various topics and time management. The Board will also begin a 'Faculty Facilitation Program' to participate in discussion relating to course material, curriculum and other areas of professional concern.

The Board is constantly striving to provide quality study material to students and in this context our future goals are to publish and distribute high quality study material, books and revision kits for every Module of the CA examinations.





EXAMINATIONS

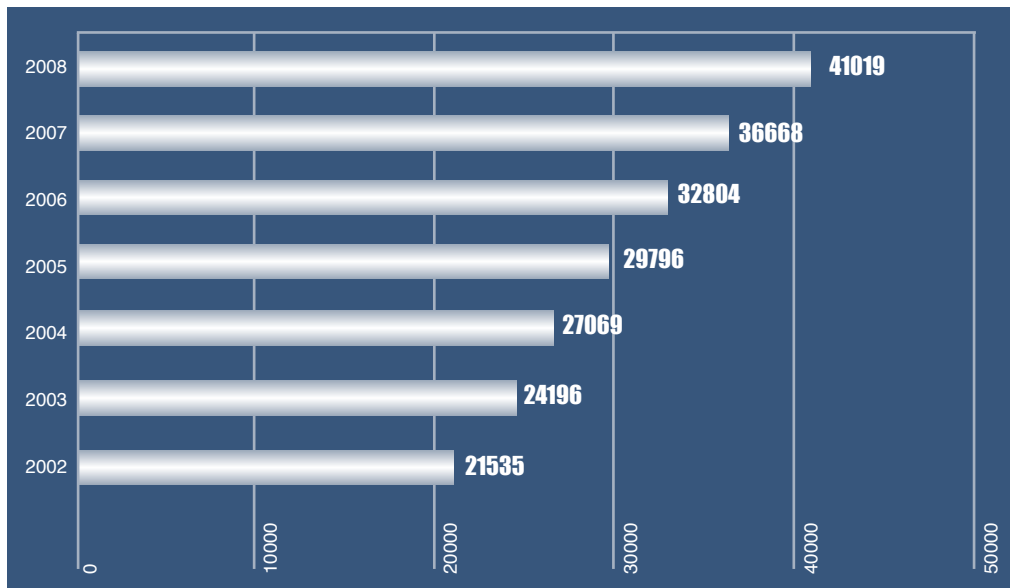
The number of students appearing in the Foundation and Intermediate examinations has been increasing with more than 12,000 students sitting the Spring 2008 examination.

A number of new initiatives were taken during the year of which the more significant are presented below:

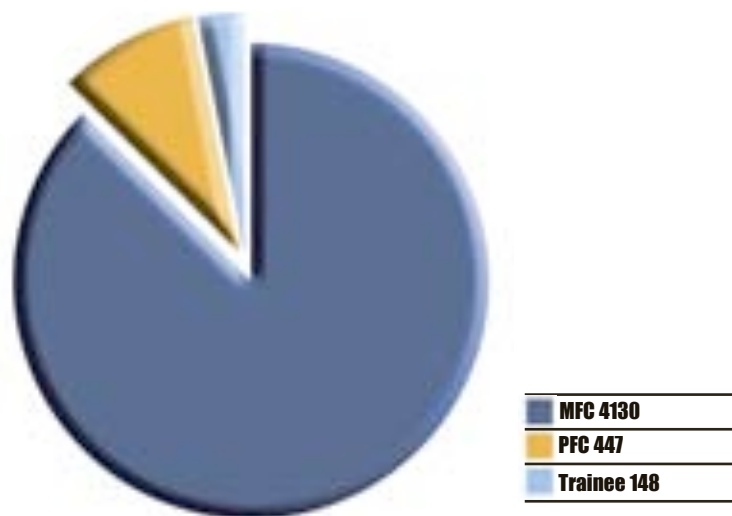
- ▶ The policy of Open Book Examinations introduced in June 2007 was extended to include the subject of Advanced Auditing (Module F). Students appearing in the Summer 2008 examinations will now be allowed to carry original bound volumes of the Handbook of International Auditing and Assurance Pronouncements and Code of Ethics for Chartered Accountants, to the examinations halls.
- ▶ Beginning Autumn 2007, the results are now communicated to the students on their respective cell numbers almost instantly after their announcement. Those students who have not furnished particulars of their cell numbers can retrieve their results by forwarding their identification codes through designated ICAP Service number.
- ▶ The system of Centralized Registration Number has been introduced to facilitate access to the complete record of a student through a single allocated number. This would also enable the students to interface with ICAP more easily.
- ▶ The Examination Department has been strengthened further by appointment of two Chartered Accountants to handle additional workload and also to achieve greater co-ordination with external examiners.
- ▶ The infrastructure facilities in the Examination Department are in the process of being upgraded significantly to meet the increasing workload on account of sustained annual rise in the number of students.

The future goals of Examination Department include web based system for form submission, allowing facility for online tracking of the status of an application, expediting the process of issuance of exemption letters and extension of open book examination policy.

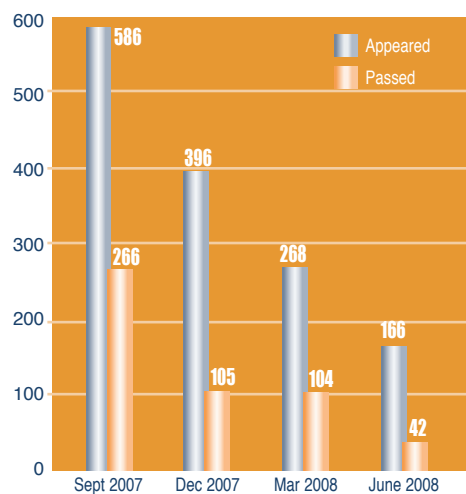
Registered Examinees as at June 30, 2008



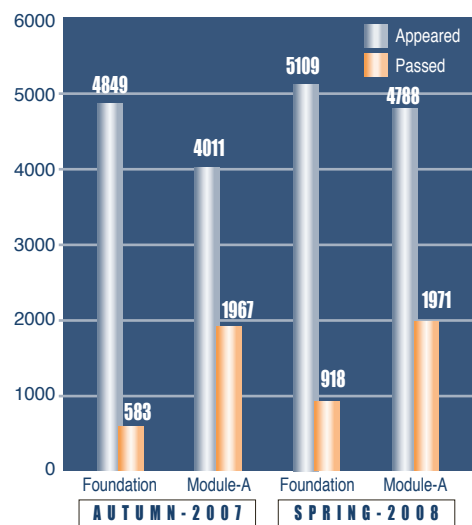
New Examinees Registered 2007-08



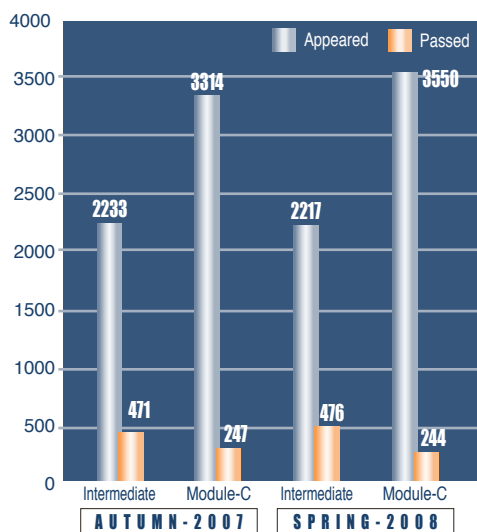
Pre-entry Proficiency Test



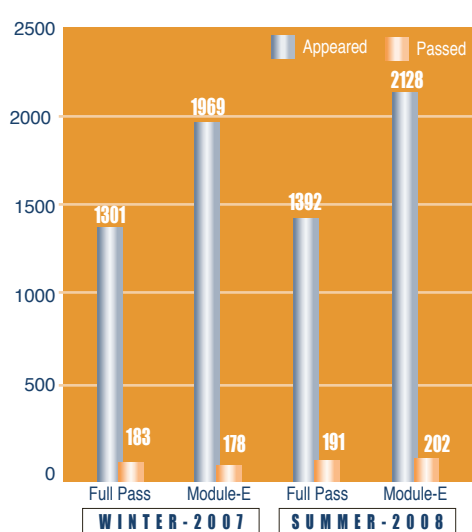
Foundation Examination



Intermediate Examination



Final Examination



Award of Gold Medals



Intermediate Examinations

Autumn 2007

Anita Chandnani	Kasbati Memorial Gold Medal
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Spring 2008

Baasit Ali	ICAP Gold Medal (Ameena Khatib Foundation)
Ayesha Arif Bawany	Kasbati Memorial Gold Medal

Final Examinations

Winter 2007

Muhammad Shahzad	Bhimji Gold Medal ICAP Gold Medal NBP Gold Medal
Mohammad Junaid	J P Patel Memorial Gold Medal
Muhammad Fahad Arzani	Osman Ali Gold Medal

Summer 2008

Badar	S A Salam Memorial Gold Medal Irtiza Husain Gold Medal
Shumaila	ICAP Gold Medal (Dewan Mushtaq Group)



Award of Merit Certificates

Foundation and Intermediate Examinations

Autumn 2007

No.	Name	Paper
01	Huma Muhammad Yousaf	Functional English
02	Muhammad Muzzamil	Quantitative Methods
03	Ammad Saleem	Introduction to Economics and Finance
04	Muhammad Rizwan	Introduction to Economics and Finance
05	Mohammed Talha Kamal	Introduction to Financial Accounting
06	Muhammad Rizwan	Introduction to Financial Accounting
07	Muhammad Zeeshan Sabir	Introduction to Financial Accounting
08	Shazil Pervaiz	Mercantile Law
09	Ayesha Arif Bawany	Business Communication and Behavioural Studies
10	Ramiz Ali	Taxation
11	Adeel Yousaf	Company Law
12	Nida Ahmed Farid	Auditing
13	Yousuf Raza	Cost Accounting
14	Syed Muhammad Kamran Ali Raza	Information Technology

Foundation and Intermediate Examinations

Spring 2008

No.	Name	Paper
01	Syed Taha Shakeb Ahmed Rizvi	Functional English
02	Amar Lal	Quantitative Methods
03	Asfahan Ahmed	Introduction to Economics and Finance
04	Usman Shahid	Introduction to Financial Accounting
05	Muhammad Muzzamil	Mercantile Law
06	Musa Khan Durrani	Business Communication and Behavioural Studies
07	Baasit Ali	Taxation
08	Baasit Ali	Financial Accounting
09	Mohammad Khurram Jah	Company Law
10	Qasim Cheema	Auditing
11	Sajeel Zahid	Cost Accounting
12	Fatima Azher	Information Technology

TECHNICAL SERVICES

The Directorate of Technical Services (DTS) through its various Committees 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

International Auditing and Assurance Board (IAASB) Meetings

During the year the IAASB meetings were held in Spain, Washington, New York and Athens. Following are some of the important standards that were deliberated:

- ▶ IAASB 2009-2011 Strategy
- ▶ Assurance Engagements on Carbon Emissions Information
- ▶ Draft ISAE 3402, “Assurance on a Service Organization’s Controls”
- ▶ “Considering the Relevance and Reliability of Audit Evidence” for issue as an exposure draft (ED)
- ▶ Related Parties
- ▶ The Auditor’s Responsibilities Relating to laws and Regulations in an Audit of Financial Statements
- ▶ Proposed ISA 805 (Redrafted) Engagements to Report on Summary Financial Statements
- ▶ ISQC 1 (Redrafted), Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements
- ▶ ISA 700 (Redrafted), The Independent Auditor’s Report on General Purpose Financial Statements
- ▶ ISA 800 (Revised and Redrafted), Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement



Notification of IFRS

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

- IFRS 7 – Financial Instruments:
Disclosure
- IFRS 8 – Operating Segments
- IAS 29 – Financial Reporting in
Hyperinflationary Economies

Adoption of IFRS

During the year, the Council adopted IFRS 4 – Insurance Contracts and recommended its notification to SECP.

Adoption of IAASB Pronouncements

During the year following IAASB pronouncements were adopted:

- ▶ International Auditing Practice Statements (IAPSS)
- ▶ Revised IFAC Code of Ethics for Professional Accountants

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

The Committee is in the process of developing 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

Initial drafts of first two standards referred to above have been developed and are under consideration of the Committee.

ICAP Pronouncements

Circulars Issued to Members

During the year following circulars were issued to members:

- ▶ Statement of Compliance for Financial Statements prepared using MSE or SSE Standards
- ▶ Statement of Compliance for Companies other than Medium Sized Entities (MSEs) and Small Sized Entities (SSEs)
- ▶ All Firms on State Bank of Pakistan (SBP) Panel of Auditors
- ▶ Consolidation of Mutual Funds by Fund Manager
- ▶ Adoption of ISRE 2410 – Review of Interim Financial Information performed by the Independent Auditor of the Entity
- ▶ Brief Analysis of the Revised Fifth Schedule of the Companies Ordinance, 1984.

- ▶ Suggested Effective Date for Financial Reporting Standards for MSEs and SSEs
- ▶ Adoption of International Auditing Practice Statements (IAPs)
- ▶ Issuance of Accounting Technical Release TR-30 Final Tax Accounting and Withdrawal of TR-19 Excise Duty – Accounting Treatment (Reformatted 2000)
- ▶ Adoption of Revised Code of Ethics for Chartered Accountants issued by IFAC
- ▶ Notification of IAS 29, IFRS 7 & 8.
- ▶ ATR - 14 (Revised) Minimum Hourly Charge Out Rates and Minimum Fee for Audit Engagements
- ▶ ATR - 19 (Revised) Identification of Audit Engagement Partner in the Auditors' report on the financial statement

Disclosure Checklist for Listed Companies

Financial Statements Disclosure Checklist for Listed Companies up to June 2008 after the review of the Accounting and Auditing Standards Committee has been issued. The Checklist may be downloaded from ICAP website.

Matters under Consideration

- ▶ 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 discussion papers are under consideration of the Committees:

- ▶ 'IAS 19 Employee Benefits'
- ▶ 'Financial Instruments with Characteristics of Equity'
- ▶ 'Reducing Complexity in Reporting Financial Instruments'

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:

- ▶ Revaluation of leased assets
- ▶ Applicability of Small Sized Entities accounting Standard
- ▶ Recognition of Internally Generated Goodwill
- ▶ Change in Accounting Policy or Estimate
- ▶ Scope of Accounting Term
- ▶ Membership Card
- ▶ Accounting Treatment resulting from amendment in Prudential Regulation
- ▶ Treatment of Associate in Separate Financial Statements
- ▶ Change of Accounting Policy from Revaluation to Cost Model
- ▶ Capitalisation of Foreign Exchange Loss
- ▶ Certificate from Auditors on Free Reserves
- ▶ Replacement Cost Depreciation method for hotel industry
- ▶ Capitalisation of Start up Expenses

Interaction with Government, Regulatory Bodies and Other Stakeholders

References from IASB and IAASB of IFAC

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

- ▶ ISA 505, (Revised and Redrafted), External Confirmations
- ▶ ISA 620, (Revised and Redrafted), Using the Work of an Auditor's Expert
- ▶ ISA 501 (Redrafted), Audit Evidence Regarding Specific Financial Statement Account Balances and Disclosures
- ▶ ISA 520 (Redrafted), Analytical Procedures

- ▶ IAS 39, Financial Instruments: Recognition and Measurement (Exposures Qualifying for Hedge Accounting)
- ▶ ED 9, Joint Arrangements
- ▶ Proposed Improvements to International Financial Reporting Standards
- ▶ Proposed Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements
- ▶ Proposed Amendments to IFRS 2 Share-Based Payment and IFRIC 11 IFRS 2—Group and Treasury Share Transactions
- ▶ ISA 510 (Redrafted), Initial Audit Engagements - Opening Balances
- ▶ ISA 530 (Redrafted), Audit Sampling
- ▶ ISA 700 (Redrafted), The Independent Auditor's Report on General Purpose Financial Statements
- ▶ ISA 705 (Revised and Redrafted), Modifications to the Opinion in the Independent Auditor's Report
- ▶ ISA 706 (Revised and Redrafted), Emphasis of Matter Paragraphs and Other Matter(s) Paragraphs in the Independent Auditor's Report
- ▶ ISA 800 (Revised and Redrafted), Special Considerations – Audits of Special Purpose Financial Statements and Specific Elements, Accounts or Items of a Financial Statement
- ▶ ISA 805 (Revised and Redrafted), Engagements to Report on Summary Financial Statements
- ▶ Comments sent to IASB Exposure Draft on Proposed IFRS for Small and Medium – sized Entities
- ▶ Comments sent to IESBA of IFAC on proposed revised Section 290 of the Code of Ethics for Professional Accountants, Independence – Audit and Review Engagements, and Proposed Section 291, Independence – Other Assurance Engagement
- ▶ ISA 200 (Revised and Redrafted), Overall Objective of the Independent Auditor, and the Conduct of an Audit in Accordance with International Standards on Auditing

- ▶ ISA 500 (Redrafted), Considering the Relevance and Reliability of Audit Evidence.
- ▶ ISA 210 (Redrafted), Agreeing the Terms of Audit Engagements
- ▶ ISA 710 (Redrafted), Comparative Information—Corresponding Figures and Comparative Financial Statements
- ▶ ISA 265, Communicating Deficiencies in Internal Control
- ▶ ISA 402 (Revised and Redrafted), Audit Considerations Relating to an Entity Using a Third Party Service Organization
- ▶ ISAE 3402, Assurance Reports on Controls at a Third Party Service Organization

IFAC Member Body Compliance Program - Part 3

Two years ago the Institute completed Part 2, SMO Self-Assessment Questionnaire and submitted the same to IFAC. Now IFAC has launched Part 3 of the IFAC Member Body Compliance Program. All the members and associates have been asked to begin the Part 3, Action Plan process in order to establish and implement programs and activities where further development is required.

As a member body of IFAC the Institute has provided its initial feedback to IFAC on May 24, 2008. The final confirmation of the Policy Recommendations has been submitted on July 24, 2008.

The Institute would develop action plans and submit them to IFAC in January 2009 to comply with full requirements of Statements of Membership Obligations (SMOs).

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 and for Progress of Internal Control Guidelines – Implementation. The

Institute after having a joint meeting with PBA has recommended SBP to implement IAS 39 and IAS 40 fully

- ▶ Access of external auditors to the Inspection Report of a commercial bank
- ▶ ICAP has proposed to 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 Group Companies Regulations issued by SECP
- ▶ As recommended by ICAP, SECP is yet to bring the format of Form 35 A in line with format given in Revised ISA 700
- ▶ Owing to the peculiar nature of implementation agreements of IPPs the SECP on the recommendation of the Institute has allowed all IPPs to capitalize foreign exchange loss until the termination of such agreements.
- ▶ Sent research paper on best practices of other countries on Transfer Pricing to SECP

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 2008 – 2009. Some of these proposals have been incorporated in the Finance Act, 2008.

The Institute held two meetings to discuss the issues which have arisen after the promulgation of Finance Act 2008 one with Ex-Chairman FBR Mr. Abdullah Yusuf and the other with Member Direct Taxes Mr. Irfan Nadeem.

Best Corporate Reports Pakistan

For the eighth consecutive year, corporate reports for the financial year, which ended in 2007, were evaluated by the Directorate of Technical Services, and the distribution ceremony organized by the Joint Committee of ICAP and ICMAP was held on July 25, 2008.

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

SAFA organized the Best Presented Accounts Awards Ceremony 2006 at New Delhi, India on January 12, 2008. From Pakistan Unilever Pakistan Limited and Fauji Fertilizer got the first and second position award in the manufacturing sector. The Citizens Foundation bagged second position



Best Corporate Reports Awards 2007



Banking CFOs Get-together

award in the NGO category. Atlas Investment Bank Limited and Escorts Investment Bank Limited received Certificate of Merit award in the non-banking Financial Sector category.

Evaluation of annual report of SAFA countries for 2007 is under process and rankings would be finalized soon.

Banking CFOs Get-together

The Institute in an initiative to be more proactive and have closer link with its stakeholders in the various industries has decided to hold Industry specific forums and get-togethers. The first gathering was arranged on August 7, 2008 in which Bank CFOs were invited to discuss the current accounting and financial reporting issues being faced by them. The discussion was followed by lunch at the Institute giving an opportunity for networking to all participants.

Selected Opinions

The DTS has finalized Volume XIII of Selected Opinions issued during July 2006 to June 2007 which has been uploaded on the Institute's website.

Targets and Objectives

DTS has set various objectives and targets which it intends to achieve

during the next year. Some of them are as follows:

- ▶ Achieve full compliance of IFRS for listed companies by December 2009
- ▶ Issuance of Illustrative Financial Statements & Disclosure Checklist for Medium and Small Sized entities
- ▶ Holding roundtables / seminars in Karachi, Lahore and Islamabad to update members about the significant changes in the revised IFAC Code of Ethics for Professional Accountants which the Council of the Institute has recently adopted
- ▶ Issuance of Guidance on Mutual Funds and holding roundtables
- ▶ Carrying out research and submitting a paper to SECP on IFRIC 4 'Determining whether an Arrangement contains a Lease'
- ▶ Review of Accounting and Auditing Technical Releases
- ▶ Inviting Chief Financial Officers of Mutual funds, IPPs, and insurance companies and issuance of guidance on the basis of their feedback
- ▶ To create awareness about the importance and effectiveness of International Public Sector Accounting Standards among government institutions / public sector entities



QUALITY CONTROL REVIEW

The Quality Control Review (QCR) Program is one of the key programs of the Institute to ensure compliance with professional standards in performance of audits by the professional firms.

In compliance of Code of Corporate Governance, since 2002, in order to carry on professional work an audit firm must have satisfactory rating in review cycle before proceeding to conduct the audit. The reviews are performed by four Chartered Accountants employed on a full time basis by the Institute along with an experienced CA Consultant engaged to guide them in performing reviews and also to assist the firms to comply with ISQC 1.

The primary objective of the QCR process is to provide guidance and education to firms to improve their standards.

The Institute is fully committed to comply with the requirements of SMO-1 "Quality Assurance" for which it will submit an Action Plan to IFAC by the end of January 2009.

Reviews

During the period from July 1, 2007 to August 31, 2008, reviews of 119 audit

engagements of 53 firms at 78 office locations were carried out at Karachi, Lahore, Islamabad, Faisalabad, Multan, Sialkot, Peshawar and Hyderabad as compared to 56 audit engagements of 27 firms at 31 office locations during the period September 2006 to June 2007.


Out of 53 firms reviewed during this period, conclusion of 45 firms were that their opinions were "supported by appropriate audit evidence" while the conclusions of 8 firms were that their opinions were "not supported by appropriate audit evidence".

As on 31 August 2008, 101 practicing firms, listed on the Institute's website, have been given satisfactory QCR rating.

During the period under review, one case of professional misconduct and negligence was referred to the Investigation Committee by the Quality Assurance Board.

Quality Assurance Board (QAB)

The Quality Assurance Board (QAB) continues to work with zeal to set new standards of excellence in the profession to keep the QCR Framework in line with the international standards and best practices.



The Council in its 194th meeting held on January 22, 2008 approved the reconstitution of the Quality Assurance Board (QAB) for a term of three years up to September 2010. Chairman of the Board is a non practicing and non Council member. The Board is represented by members from big and small firms and industry. It also includes three nominees from the Securities and Exchange Commission of Pakistan (SECP) and one from the State Bank of Pakistan (SBP).

The Board met four times during the period July 2007 to August 2008 and conducted the following business, apart from reviewing the QCR reports of the above mentioned reviews:

- ▶ Finalized the roadmap for implementation of ISQC 1
- ▶ Reviewed and approved ISQC 1 Checklist for circulation to all firms
- ▶ Held roundtable meetings with practicing members at Karachi, Lahore and Islamabad to guide the members in completing the ISQC 1 Checklist
- ▶ Initiated the process of revising of QCR Framework by bringing the requirements of ISQC 1 in the review process

▶ Issued of circulars on the following topics:

- The Tone at the Top and Audit Quality
- Adoption of ISQC 1 – “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements”
- ISQC 1 Mentoring Program

Adoption of ISQC 1

The Council in its 194th meeting held on January 22, 2008, on the recommendation of the Quality Assurance Board, approved the adoption of ISQC 1 “Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements” in the following manner:

- ▶ ISQC 1 recommendatory for all firms doing audit of listed and public interest entities from accounting periods beginning on or after 1 July 2008.
- ▶ ISQC 1 mandatory for all firms doing audit of listed and public interest entities from accounting periods beginning on or after 1 July 2009.

ISQC 1 Mentoring Program

As mentioned above, the Institute adopted the ISQC 1 and communication in this regard was made to all practicing members vide DPSC&E Circular No. 2 dated February 6, 2008.

ISQC 1 is directed at how a firm organizes its practice rather than how the firm conducts individual audits. Compliance with ISQC 1 will enhance the overall quality controls and procedures implemented by the firms for performing audits and other assurance services.

In order to initiate the above compliance, ICAP has developed a questionnaire which is available at the Institute's website. This questionnaire is a tool for firms to assist them in assessing and demonstrating their compliance with ISQC 1. Members are encouraged to fill this questionnaire on self assessment basis. Roundtable meetings were held around the country in June 2008 at Karachi, Lahore and Islamabad to guide the members in completing the ISQC 1 Checklist and informing them about the details of ISQC 1 Mentoring Program.

Based on the responses to the above questionnaire, the Institute has taken the initiative to introduce a new concept of "ISQC 1 Mentoring Program" and has

engaged a senior Chartered Accountant as a consultant who along with the Institute's staff visits the firms and facilitates them in their compliance with ISQC 1.

Additionally, ICAP has also prepared an electronic ISQC 1 Manual which will provide firms with various standardized documents to comply with the requirements of this standard.

All audit firms involved in the audit of listed and public interest entities would be subject to an ISQC 1 review from July 2010.

Training Workshops for SMPs

A large number of students from SMPs attended the workshops and appreciated the Institute's initiatives and efforts for conducting these training programs for them. The Institute wishes to thank all workshop facilitators and firms for participating in the above program specially designed for the students of SMPs. The Institute also plans to use the video conferencing facilities to broadcast these workshops at Lahore and Islamabad.

Details and presentations of all the previous workshops are available at the Institute's website at <http://www.icap.org.pk/web/links/0/smpworkshops.php>

During the period under review, following workshops were conducted:

No.	Theme	Facilitator	City	Date
01	Time Management	Muhammad Bashir Juma	Karachi	27-10-2007
02	IAS-12 'Income Taxes'	Usman Ghani Akbani	Karachi	15-12-2007
03	IAS-16 'Property, Plant & Equipment'	Usman Ghani Akbani	Karachi	02-02-2008
04	The Revised Fifth Schedule	Tahmeen Ahmad	Islamabad	29-02-2008
05	Developing Soft Skills	Faris Rahan Khan	Islamabad	11-03-2008
06	ISA-200	Abbas	Karachi	15-03-2008
07	NBFC's & Notified Entities Regulations, 2007	Tahmeen Ahmad	Islamabad	17-04-2008
08	ISA 210	Abbas	Karachi	19-04-2008
09	Strategic Vision	Timelenders	Karachi	10-05-2008
10	Success through Communication	Imaad Rizvi	Islamabad	16-05-2008
11	Physical stock taking	Bilal Ali	Lahore	13-06-2008
12	Physical stock taking	Junaid Subhani	Faisalabad	25-06-2008



Hands-on Training provided to students of SMPs

International Developments

SAFA has established a Committee on Quality Control which is chaired by Syed Asad Ali Shah and assisted by Muhammad Asif Iqbal, Director Professional Standards Compliance & Evaluation of ICAP. The Committee has finalized a comparative analysis of existing QCR models in Pakistan, India, Bangladesh, Nepal and Sri Lanka based on a very detailed questionnaire. Based on the comparative analysis, the Committee will develop a model framework based on the requirements of ISQC 1 and ISA 220.

ICAP is currently providing active support to the Institute of Chartered Accountants of Sri Lanka in implementation of QCR program in their country. In this regard, one of their staff had visited ICAP for two weeks to study and learn about the QCR program of ICAP. Further, ICAP had also shared the ISQC 1 Checklist with the Malaysian Institute of Accountants.

Members Information & Education Series (MIES)

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

MIES-15	Review of Practical Implementation Issues of IFRS – Pakistan Case Study
MIES-16	IFAC 2007 Global Leadership Survey – Summary of Findings
MIES-17	Business Planning Guide: Practical Application for SMEs
MIES-18	Regulation of the Accountancy Profession
MIES-19	The Corporate Governance Guide – Family-owned Companies
MIES-20	Financial Reporting Supply Chain – Current Perspectives and Directions
MIES-21	Good Practice in Tackling External Fraud

MEMBERSHIP

Our membership is growing at a gradual pace. Membership of the Institute on June 30, 2008 was 4441 out of which 981 members are overseas, which accounts for 22 percent of total membership. During the year 2007-08, 303 new members were admitted to the Institute and memberships of 45 were restored, resulting in an increase of 348 members. Out of the total membership, 85.5 percent are employed in commerce and industry, financial institutions, government departments and education, and 14.5 percent are in public practice.

In order to facilitate members, Membership is planning to further expand in the following areas:

- ▶ Circulation of job opportunities to members;
- ▶ Networking opportunities for new members as well as brainstorming sessions on knowledge sharing;
- ▶ Conducting leadership and management skills programs in collaboration with senior members

The Membership Department is reaching out to identify issues faced by members, keeping them updated in different areas of interest, and providing service in an efficient manner.

ICAP also commiserates the passing away of its members:

Ch. Zulfiqar Ahmad Cheema

Syed Amjad Husain

Mohammad Younus Khan

Irtiza Husain

Nasim Akhtar Zuberi

Syed Masood Hussain

M. Ibrahim Ahmed

Jehangir Abbas

Abdul Hameed Kasbati

Minoo Rustomji Patel

Yaqub Ali

Ghulam Haider

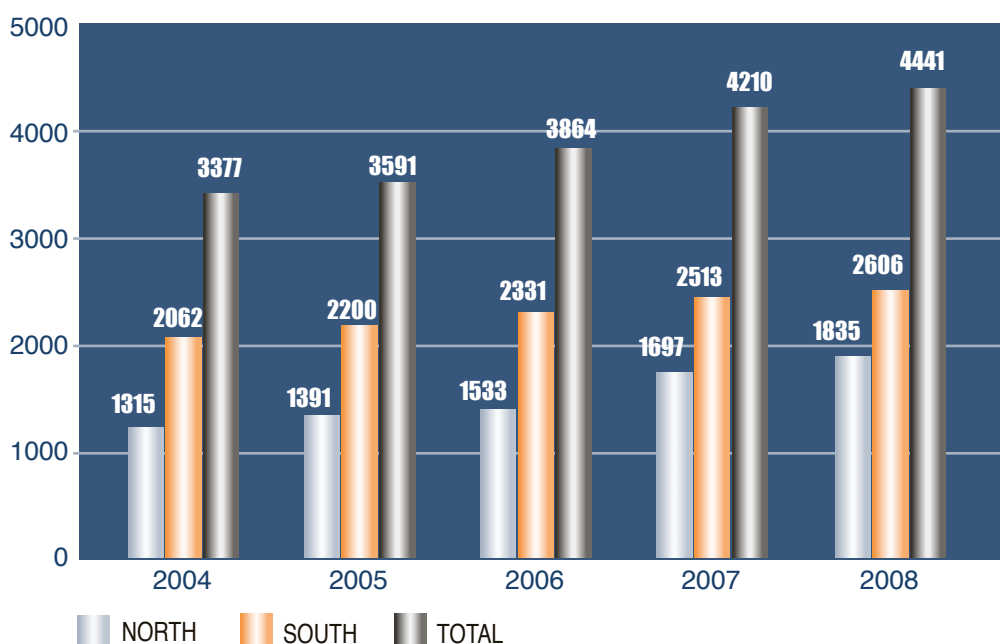


A member receiving his certificate

Statistical Information of Membership

	Associates	Fellows	Total	Associates	Fellows	Total
	June 30, 2008			June 30, 2007		
<i>Domestic</i>						
Public Practice – Sole Proprietor	53	229	282	61	232	293
Public Practice – Partnership	63	282	345	62	272	334
Commerce / Industry	1706	870	2576	1625	843	2468
Corporations	4	12	16	5	10	15
Financial Institutions / Banks	125	73	198	74	50	124
Government	7	8	15	7	8	15
Education	16	12	28	17	10	27
<i>Overseas</i>						
Non practice – Overseas	626	340	966	578	337	915
Public practice – Overseas	4	11	15	3	10	13
	2604	1837	4441	2432	1772	4204

YEARWISE GROWTH IN MEMBERSHIP



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:

PERIOD: JULY 1 TO JUNE 30	2007-08	2006-07	2005-06
Cases at the beginning of the year	38	28	28
Complaints received during the year	16	20	19
Total Cases	54	48	47
Complaints disposed off during the year	(19)	(10)	(19)
Complaints pending at the end of the year	35	38	28

During the year Council disposed off 19 cases, out of which 15 were closed as no merit was found in the complaints, while the remaining 4 cases were dealt with as follows:

	2007-08	2006-07	2005-06
Members reprimanded by name	4	2	1
Reprimanded by name and penalty imposed	0	1	1
Members reprimanded without name	0	2	0
Members cautioned	0	0	1
Reference made to High Court	0	1	1
Total	4	6	4

AGING ANALYSIS OF COMPLAINTS PENDING AS AT JUNE 30, 2008

YEARS	2002	2003	2005	2006	2007	2008	TOTAL
No. of Cases	1	1	3	10	14	6	35

Considering the delay in disposal of cases, the Investigation Department has curtailed the proceeding period to decrease the number of cases.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

ICAP strongly believes that ongoing professional development, knowledge sharing and expertise are essential in today's business environment and the Institute is making all possible efforts to assist members to comply with the requirements of IES-7 which mandates 40 CPD hours per year or 120 hours in a rolling period of three years for both practicing and non practicing members.

Various regional and local CPD Committees organized 73 CPD seminars/ workshops in Karachi, Lahore, Islamabad, Faisalabad, Multan and

Peshawar offering 302 CPD credit hours for members of the Institute. Last year 76 activities were held with 295 CPD credit hours.

Individual member's CPD record is available on the website. Members can view their records and plan their future CPD activities accordingly. Members can also find Frequently Asked Questions (FAQs) regarding the revised CPD Directive.

ICAP plans to initiate web based CPD programs in the coming year.



Seminar on Federal Budget 2008-09

INFORMATION TECHNOLOGY

Fully recognizing the need for strengthening the IT infrastructure of the Institute, extensive investment has been made this year on acquisition of Technology. IT Department has actively undertaken the overall development of the Institute's IT and communications infrastructure.

As part of the ongoing in house software processing of fee payment and fee information for members and students we have successfully implemented online fee collection module which is operative at all ICAP offices. The transactions are updated in real time mode in our Main Data Center at Head Office, Karachi. Remaining modules are

in the testing and implementation phase. Besides this, different MIS from Main Data Center are also accessible at all ICAP offices.

Project of digitization of documents is progressing smoothly and is expected to be completed by next year.

As part of the new system implementation this year, registration will be automated at facilitation centers in Karachi and Lahore.

Other projects on hand are Portal development, Web-based CPD and Online CPD.

PUBLICATIONS

The overall trend for niche publications has changed over the years. In the Publications Department we are trying to balance the magazine's content so that the expansion of coverage does not come at the expense of *The Pakistan Accountant's* traditional reporting on auditing, accounting, taxation, government functioning, and the economy. While maintaining core services is important to us, innovation is equally desirable. The subject matter of some of our pages has changed.



These clumped together under IN-HOUSE are now devoted to international business news, organizational and global issues, book



reviews, and high culture such as the occasionally occurring ARTS section.

Most importantly, we rely on feedback from our readers. In

an email from Geneva, one overseas reader wrote this about *The Pakistan Accountant*:

"I liked your magazine because of the easy on the eye layout and the relaxed style of journalism which makes it easy to read."

Archiving of The Pakistan Accountant

Publications is pleased to announce that selected articles and editorials of the past 20 years from *The Pakistan Accountant* will soon be archived on ICAP's website. Readers will be able to search the archives using a topic bibliography.

We are excited about the prospect value that this will bring to our readership by gaining access to a wealth of knowledge and wisdom.

ICAP Page on GMB Resource Database

GMB Publishing Ltd.,UK is a publishing concern for business and investment guides for various countries. They are in the midst of launching GMB Research, a new online resource, which includes Pakistan in its Asia coverage. To build up this resource they have commissioned set topics in finance, legal, and sectoral categories for South East Europe, the Middle East and India as well as for local firms in these regions. ICAP will be collaborating with GMB Resource for an upcoming publication on accounting and auditing standards in Pakistan.

ICAP will be given a unique page on the GMB database, accessible via our articles. The site will accommodate ICAP's blurb and provide links to ICAP's website, logos, etc. This collaboration will give a significant amount of exposure to the Institute.

HUMAN RESOURCES



The Institute continues to have very cordial relations with all its employees and believes in investing time and effort in resolving HR issues. This year a sizeable number of staff was sent on various professional courses and training sessions.

Permanent staff strength

at the year-end was 170. ICAP is committed to being an equal opportunities employer. Our employment policy seeks to ensure that all employees receive fair treatment and equal opportunities, and that there is no discrimination on the grounds of gender, marital status, age, religion, ethnic origin or disability.

The Institute is committed to enhance the quality of the work environment and develop and retain a team of dedicated and competent staff to accomplish the Institute's vision.

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, Federal Board of Revenue, the State Bank of Pakistan and other government organizations for their continued support. The Council expresses its appreciation to Mr. 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 Council

Fazal H. Saif
Secretary
Karachi
September 22, 2008

STATISTICS OF MEETINGS HELD AND ATTENDANCE

During the Period September 12, 2007 to September 10, 2008

COUNCIL

Meetings Held (6)

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

EXECUTIVE COMMITTEE

Meetings Held (03)

Name	Attended
Imran Afzal	3
Rafaqat Ullah Babar	3
Shaikh Saqib Masood	3
Ahmad Saeed	3
Nasimuddin Hyder	3
Rashid Rahman Mir	3
Shahzad Hussain	3
Syed Asad Ali Shah	3
Syed Mohammad Shabbar Zaidi	3

EXAMINATION COMMITTEE

Meetings Held (4)

Name	Attended
Shaikh Saqib Masood	3
Farrukh Viqaruddin Junaidy	3
Nasimuddin Hyder	3
Rashid Rahman Mir	3
Shahzad Hussain	1
Syed Asad Ali Shah	3
Syed Mohammad Shabbar Zaidi	3

INVESTIGATION COMMITTEE

Meetings Held (7)

Name	Attended
Rafaqat Ullah Babar	7
Ahmad Saeed	6
Farrukh Viqaruddin Junaidy	5
Hamid Khan	4
Justice (R) Rasheed A. Razvi*	0
Nasimuddin Hyder	6
Rashid Rahman Mir	6
Shahzad Hussain	3
Syed Shahid Hussain Jafri	3

* Resigned

CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE

Meeting Held (1)

Name	Attended
Rashid Rahman Mir	1
Abdul Rahim Suriya	0
Ahmad Saeed	1
Faisal Latif	1
Jehan Zeb Amin	1
Khan Mohammad	1
Muhammad Ibrahim	0
Naeem Akhtar Sheikh	1
Rafaqat Ullah Babar	0
Rashid Ibrahim	1
Shibli Islam Rehan	1
Tahir Razzaque Khan	1

EDUCATION AND TRAINING COMMITTEE

Meetings Held (2)

Name	Attended
Shahzad Hussain	2
Abdul Rahim Suriya	1
Ahmad Saeed	2
Atifa Arif Dar	2
Mudassir Iqbal	1
Mukhtar Hussain Jaffery	1
Nasimuddin Hyder	2
Omer Chughtai	1
Rashid Rahman Mir	2
Sophia Ahmed	0
Syed Aftab Hameed	2
Syed Mohammad Shabbar Zaidi	2

PROFESSIONAL STANDARDS AND TECHNICAL ADVISORY COMMITTEE

Meeting Held (1)

Name	Attended
Nasimuddin Hyder	1
A. Husain A. Basrai	1
Ahmed D. Patel	0
Ayaz Ahmed	1
Muhammad Aslam	1
Muhammad Yousuf Adil	1
Qasim Ebrahim Causer	1
Rashid Ahmed Jafer	1
Rashid Rahman Mir	1
Syed Asad Ali Shah	1
Syed Iftikhar Anjum	1
Syed Mohammad Shabbar Zaidi	1
Syed Sajid Ali	1
Tariq Iqbal Khan	0

ACCOUNTING AND AUDITING STANDARDS COMMITTEE

Meetings Held (7)

Name	Attended
Rashid Rahman Mir	7
Abdul Aleem	7
Asad Siddiqi	6
Ather Ali	2
Bilal Ali	2
Farrukh Rehman	4
Hamid Masood	4
Irfan Rehman Malik	4
Khalid Kabeer	0
Mohammad Almas	5
Mohammad Tufail Salariya	6
Muhammad Nasir Muneer	6
Muhammad Zulfikar Akhtar	3
Nadeem Shahab	2
Nareesh Kumar	1
Salah-ud-Din	5
Salman Zaheer	0
Shabbir Yunus	1
Shahzad Hussain	0
Shakil Akhtar Qureshi*	1
Shibli Islam Rehan	6
Sohail Mohammad Khan	1
Syed Aftab Hameed	5
Syed Iftikhar Anjum	4

* Mr. Shakil Akhtar Qureshi passed away on July 21, 2008.

TECHNICAL ADVISORY COMMITTEE

Meetings Held (8)

Name	Attended
Nasimuddin Hyder	8
Abbas	6
Arslan Khalid	5
Asim Zulfiqar Ali	3
Aslam Murad	1
Faisal Ahmed	7
Farrukh Viqaruddin Junaidy	1
Hafiz Mohammad Yousaf	6
Hassan Nazir	0
Karim Hatim	4
Khalilullah Shaikh	1
Mohammad Almas	6
Mohammad Tufail Salariya	7
Najeeb Taher Moochhala	5
Rashid Ibrahim	3
Sayed Bakhtiyar Kazmi	2
Syed Najmul Hussain	5
Usman Ghani Akbani	1
Viqar Avais	0

COMMITTEE ON ACCOUNTING AND AUDITING STANDARDS FOR INTEREST FREE MODES OF FINANCING AND INVESTMENTS

Meetings Held (3)

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

COMMITTEE OF TAXATION AND ECONOMIC POLICIES

Meetings Held (2)

Name	Attended
Syed Mohammad Shabbar Zaidi	2
Adnan Zaman	2
Farrukh Viqaruddin Junaidy	0
Haider Ali Patel	2
Kamran Iqbal Butt	0
Khaliq-ur-Rahman	1
Mehmood	1
Muhammad Iqbal Ahmed	2
Musarrat Jabeen	0
Qadeer Ahmad	2
Shahzad Hussain	0
Shaikh Saqib Masood	1
Syed Tariq Jamil	1
Usman Khalid Mirza	0

COMMITTEE OF FINANCIAL SECTOR

Meeting Held (1)

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

QUALITY ASSURANCE BOARD

Meetings Held (4)

Name	Attended
Zafar Iqbal Sobani	4
Abbas	4
Adnan Zaman*	1
Aftab Mustafa Khan (Nominee SBP)*	1
Amir Jamil Abbasi	3
Huma Pasha	4
Kamran Y. Mirza (Nominee SECP)**	3
Khalid Rahman	3
Khurshid Hasan Sabzwari *	1
Mohammad Shoaib Ansari*	0
Muhammad Ghufuran (Nominee KSE)*	0
Muhammad Tufail Salariya**	3
Nasim Beg (Nominee SECP)**	1
Noman Ahmed Qureshi (Nominee SBP)**	3
Rashid Rahman Mir	3
Riaz A. Rehman	4
Salman Ali Shaikh (Nominee SECP)***	0
Syed Asad Ali Shah	3
Syed Fayyaz Mahmud (Nominee SECP)***	1

* Left after 11th QAB meeting

** Co-opted from 12th QAB meeting

*** Replaced by Syed Fayyaz Mahmud from 14th QAB meeting

PUBLICATIONS COMMITTEE

Meeting Held (1)

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

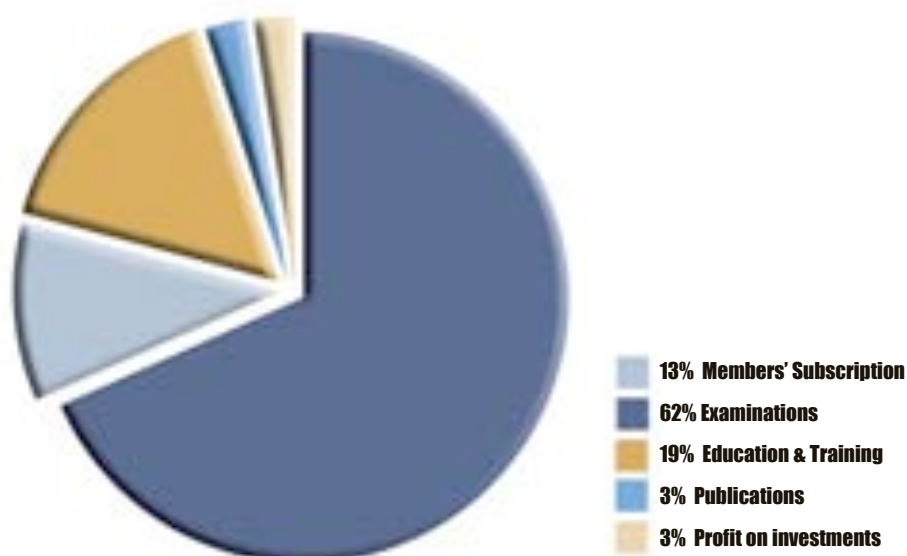
* Mr. Shakil Akhtar Qureshi passed away on July 21, 2008.

FINANCIAL STATEMENTS

Five Years Key Financial Highlights

	Rupees in million				
	2008	2007	2006	2005	2004
Gross Revenues					
Members' Subscription	25.66	22.04	14.16	10.62	9.99
Examinations	124.29	94.56	67.34	46.17	42.94
Education & Training (restated)	36.95	33.39	24.52	18.30	17.84
Publications	5.92	3.52	4.12	3.98	1.56
Profit on investments	6.04	6.13	4.61	3.06	2.40
Expenditures	192.45	141.26	112.61	82.86	66.67
Assets					
Property, plant and equipment	144.84	112.71	102.93	95.71	86.50
Investments	28.72	46.94	38.46	36.25	43.64
Funding					
General fund (restated)	151.63	135.96	127.56	127.19	125.72
Building fund	16.00	16.00	16.00	-	-
Specific funds	3.92	3.71	3.64	3.38	2.73
Endowment funds	25.78	20.00	-	-	-

Revenue Analysis - 2008



Muhammad Afzal Munif
Chartered Accountant
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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, 2008 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, except for the change as stated in note 2.7 with which we concur;
 - 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, 2008 and of the surplus and cash flows for the year then ended.



Muhammad Afzal Munif
Chartered Accountant



Adnan Zaman
Chartered Accountant

Karachi.
Date: September 10, 2008

Balance Sheet

As At June 30, 2008

	Note	2008 Rupees	(restated) 2007 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	3	144,843,107	112,711,599
Capital work-in-progress	4	4,192,184	13,981,561
Intangible assets	5	864,045	223,481
Investments	6	-	6,537,905
Advances, loans and deposits	7	9,514,352	7,839,842
Assets relating to specific funds	8	1,354,920	1,401,682
		<u>160,768,608</u>	<u>142,696,070</u>
CURRENT ASSETS			
Stock of publications and souvenirs		911,682	2,366,055
Current portion of investments	6	7,720,090	8,399,627
Short-term investments	9	21,000,000	32,000,000
Assets relating to specific funds	10	2,564,292	2,308,293
Assets relating to endowment funds	11	25,781,295	-
Loans, advances, prepayments and other receivables	12	13,560,851	11,983,077
Cash and bank balances	13	22,446,654	13,732,257
		<u>93,984,864</u>	<u>70,789,309</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	56,621,775	36,723,212
Payable to benevolent fund	15	798,195	1,093,900
		<u>57,419,970</u>	<u>37,817,112</u>
NET CURRENT ASSETS		36,564,894	32,972,197
CONTINGENCIES & COMMITMENTS			
	16	-	-
		<u>197,333,502</u>	<u>175,668,267</u>
FINANCED BY			
General fund	17	151,632,995	135,958,292
Building fund		16,000,000	16,000,000
Specific funds	18	3,919,212	3,709,975
Endowment funds	19	25,781,295	20,000,000
		<u>197,333,502</u>	<u>175,668,267</u>

The annexed notes 1 to 28 form an integral part of these financial statements.



Executive Director



President

Income And Expenditure Account

For The Year Ended June 30, 2008

	Note	2008 Rupees	(restated) 2007 Rupees
Revenue	20	202,421,582	160,726,837
Expenditure	21	<u>192,450,973</u>	<u>141,258,897</u>
Operating surplus		9,970,609	19,467,940
(Loss) / Gain on disposal of fixed assets		<u>(334,140)</u>	<u>9,342</u>
Surplus before finance income		9,636,469	19,477,282
Finance income	22	<u>6,038,234</u>	<u>6,132,851</u>
Surplus for the year		15,674,703	25,610,133
Appropriations			
Transfer to Endowment Funds		<u>-</u>	<u>20,000,000</u>
Balance carried forward to General Fund		<u>15,674,703</u>	<u>5,610,133</u>

The annexed notes 1 to 28 form an integral part of these financial statements.



Executive Director



President

Cash Flow Statement

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
Cash flows from operating activities			
Cash receipt from:			
Membership		34,713,510	29,174,977
Examinations		141,439,197	96,543,039
Education and training		38,374,900	31,013,868
Publications		6,116,359	3,788,085
Seminars and conferences		2,452,809	(659,995)
Facilities and miscellaneous		2,684,432	3,808,851
Donations for Students' Endowment Fund		4,145,800	-
		229,927,007	163,668,825
Cash paid to:			
Employees		78,031,551	61,887,195
Benevolent fund		295,705	(774,402)
Regional committees		484,083	(884,763)
Professional bodies		1,177,707	721,272
Property taxes		5,087,565	205,948
Suppliers and vendors		97,216,699	63,350,212
		182,293,310	124,505,462
		47,633,697	39,163,363
Cash flows from investing activities:			
Investments - ICAP		2,700,000	(12,000,000)
Investments Endowment Funds		(24,145,800)	-
Fixed capital expenditure		(37,212,787)	(36,707,934)
Proceeds from sale of fixed assets		797,814	1,481,053
Income received from investments		10,790,858	3,566,972
(Increase) / decrease in long term advances, loans and deposits		(1,849,385)	2,384,303
		(48,919,300)	(41,275,606)
Net (decrease) in cash and cash equivalents		(1,285,603)	(2,112,243)
Cash and cash equivalents at the beginning of the year		23,732,257	25,844,500
Cash and cash equivalents at the end of the year	23	22,446,654	23,732,257

For comparison purpose, corresponding figures of seminars & conferences, property tax and suppliers & vendors have been reclassified appropriately.

The annexed notes 1 to 28 form an integral part of these financial statements.



Executive Director



President

Notes to the Accounts

For The Year Ended June 30, 2008

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

2. Significant accounting policies

2.1 Basis of preparation of financial statements

a) Statement of compliance

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

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments classified as held to maturity and carried at amortized cost as per accounting policy 2.5.

c) Accounting standards not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned against the respective standard or interpretation.

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 1, 2009
IAS-23 (Revised) Borrowing Costs	January 1, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 1, 2009
IFRS 3 - Business Combinations	January 1, 2009
IFRS 7 - Financial Instruments: Disclosures	July 1, 2008
IFRS 8 - Operating Segments	January 1, 2009
IFRIC 12 - Service Concession Arrangements	January 1, 2009
IFRIC 13 - Customer Loyalty Programs	July 1, 2008
IFRIC 14 - The Limit on defined Benefit Asset, minimum funding requirements and their interactions	January 1, 2008

The Institute expects that the adoption of the above standards and interpretations will have no material impact on its financial statements in the period of initial application.

d) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of judgment in the process of applying the Institute's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions were exercised in application of accounting policies that are significant to the financial statements are as follows:

- (i) Estimate of liability in respect of staff retirement gratuity (note 14.1)
- (ii) Useful life of property, plant and equipment (note 3.2)

Notes to the Accounts

For The Year Ended June 30, 2008

2.2 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 assets 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 current revenue.

2.3 Intangible asset

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

2.4 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.

2.5 Investments

Investments are classified as held to maturity, which are securities with a fixed maturity that the Institute has the intent and ability to hold until maturity.

All investments are initially recorded at cost. Held to maturity investments are subsequently carried at amortized cost using the effective interest rate method.

2.6 Stock of publications

Stock of publications held for sale is 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.

2.7 Revenue recognition

Income from subscription and fees from members and students is accounted for on receipt basis.

Fee / Subscription receipts relating to periods beyond the current financial year are shown as Advance fee. The Institute has changed its accounting policy for recording revenue from Registered Accounting Education Tutors (RAETs) from receipt to accrual basis from current year. This change has been applied retrospectively and the comparative information has been restated in accordance with IAS 8 (Accounting policies, changes in accounting estimates and errors). Had there been no change in the accounting policy, the surplus at July 01, 2006 and July 01, 2007 would have been lowered by Rs.2,990,900 and Rs.6,571,500 respectively.

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

2.8 Staff retirement benefits

i) Defined benefit plan

The Institute operates a recognized 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, 2008, using the Projected Unit Credit Method.

Notes to the Accounts

For The Year Ended June 30, 2008

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 revenue and expenditure account.

2.9 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.

2.10 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.

2.11 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.

2.12 Impairment loss

The carrying amount of the Institute's assets is 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.

A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount.

2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand, balance with banks and short term investments realizable within three months.

3. Property, plant and equipment	Note	2008 Rupees	2007 Rupees
Leasehold land - Preedy Street Karachi	3.1	18,233	18,233
Operating assets	3.2	144,824,874	112,693,366
		<u>144,843,107</u>	<u>112,711,599</u>

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, 2008

Operating assets	June 30, 2008						
	Particulars	Cost		Rate %	Depreciation		Written down value as at June 30, 2008
		As at July 1, 2007	Additions Deletions As at June 30, 2008		As at July 1, 2007	For the year June 30, 2008	
TANGIBLE							
Land and building							
Leasehold land	1,601,450	-	-	1,601,450	-	-	1,601,450
Freehold land	4,581,500	-	-	4,581,500	-	-	4,581,500
Buildings on leasehold land	69,348,978	12,570,104	-	81,919,082	5	20,667,664	61,251,418
Building on freehold land	11,092,663	4,417,039	-	15,509,702	5	4,867,428	10,642,274
	86,624,591	16,987,143	-	103,611,734		25,535,092	78,076,642
Plant and machinery							
Air conditioning plant	962,766	-	(480,000)	482,766	15	375,195	107,571
Generators	5,064,854	1,365,000	(325,000)	6,104,854	15	1,902,860	4,201,994
Electric fittings, air conditioners and appliances	15,277,207	12,976,046	(315,349)	27,937,904	15	7,211,092	20,726,812
	21,304,827	14,341,046	(1,120,349)	34,525,524		9,489,147	25,036,377
Furniture and fixtures	15,431,789	7,147,430	(1,911,763)	20,667,456	10-20	6,164,868	14,502,588
Vehicles	19,004,895	5,069,456	(520,225)	23,554,126	20	7,710,452	15,843,674
Office equipment	21,851,741	3,044,162	(3,482,816)	21,413,087	15-33	10,047,494	11,365,593
Total Rupees - 2008	164,217,843	46,589,237	(7,035,153)	203,771,927		58,947,053	144,824,874

Notes to the Accounts

For The Year Ended June 30, 2008

Particulars	June 30, 2007						Written down value as at June 30, 2007			
	Cost			Depreciation						
	As at July 1, 2006	Additions	Deletions	As at June 30, 2007	Rate %	As at July 1, 2006		For the year	Adjustments	As at June 30, 2007
TANGIBLE										
Land and building										
Leasehold land	1,601,450	-	-	1,601,450		-	-	-	-	1,601,450
Freehold land	4,581,500	-	-	4,581,500		-	-	-	-	4,581,500
Buildings on leasehold land	69,220,978	128,000	-	69,348,978	5	15,174,193	2,706,056	-	17,880,249	51,468,729
Building on freehold land	11,092,663	-	-	11,092,663	5	4,079,567	350,655	-	4,430,222	6,662,441
	86,496,591	128,000	-	86,624,591		19,253,760	3,056,711	-	22,310,471	64,314,120
Plant and machinery										
Air conditioning plant	962,766	-	-	962,766	15	760,220	30,382	-	790,602	172,164
Generators	3,741,354	1,323,500	-	5,064,854	15	973,541	518,036	-	1,491,577	3,573,277
Electric fittings, air conditioners and appliances	12,554,816	2,722,391	-	15,277,207	15	3,987,809	1,402,009	-	5,389,818	9,887,389
	17,258,936	4,045,891	-	21,304,827		5,721,570	1,950,427	-	7,671,997	13,632,830
Furniture and fixtures	13,287,121	2,144,668	-	15,431,789	10-20	5,477,740	946,615	-	6,424,355	9,007,434
Vehicles	11,072,225	9,649,170	(1,716,500)	19,004,895	20	1,997,631	3,128,501	(286,703)	4,839,429	14,165,466
Office equipment	15,291,897	6,758,644	(198,800)	21,851,741	15-33	8,041,966	2,393,145	(156,886)	10,278,225	11,573,516
Total Rupees - 2007	143,406,770	22,726,373	(1,915,300)	164,217,843		40,492,667	11,475,399	(443,589)	51,524,477	112,693,366

Notes to the Accounts

For The Year Ended June 30, 2008

3.3 Statement of disposal of operating assets

Particulars	Sales					Particular of Purchaser
	Cost	Accumulated Depreciation down value	Written down value	Disposal	Gain / Loss	
Motorcycle / cycle	24,225	23,669	556			
Air conditioning plant	480,000	434,390	45,610			
Generator	325,000	288,669	36,331			
Electric fittings, air conditioners and appliances	315,349	276,519	38,830			
Office equipment	1,925,562	1,604,261	321,301			
Computers	1,494,754	1,468,386	26,368			
Furniture and fixtures	1,398,140	1,045,622	352,518			
Carpet	145,825	132,549	13,276			
	6,108,855	5,274,065	834,790	475,000	(359,790)	
Laptop	62,500	38,150	24,350	50,000	25,650	Ghazi Trading Corp.
Car	496,000	223,186	272,814	272,814	-	Premier Insurance Co.
Auditorium Chairs	367,800	254,947	112,853 *	-	-	Ms. Maria Ahmed (Ex-employee)
	926,300	516,283	410,017	322,814	25,650	Flame Islamabad (NGO)
TOTAL	7,035,155	5,790,348	1,244,807	797,814	(334,140)	

* Rs. 112,853 charged to donation. See note 21.3

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
4. Capital work-in-progress			
Balance as on July 1		13,981,561	-
Cost incurred during the year	4.1	10,473,145	13,981,561
		<u>24,454,706</u>	<u>13,981,561</u>
Less: Transferred to operating assets		20,262,522	-
		<u>4,192,184</u>	<u>13,981,561</u>
4.1 This represents payments in respect of civil, electrical and furnishing work being carried out at Islamabad office of the Institute.			
5. Intangible assets			
Computer software			
Cost as on July 1		1,459,495	1,459,495
Additions during the year		747,066	-
Cost as on June 30		2,206,561	1,459,495
Less : Amortization as on July 1		(1,236,014)	(1,125,941)
Amortized during the year		(106,502)	(110,073)
Amortization as on June 30		(1,342,516)	(1,236,014)
		<u>864,045</u>	<u>223,481</u>
6. Investments - held to maturity			
Defence Saving Certificates		7,720,090	14,937,532
Less: Current portion of investments transferred to current assets		(7,720,090)	(8,399,627)
		<u>-</u>	<u>6,537,905</u>
7. Advances, loans and deposits			
Vehicle loans (secured - considered good)	7.1	358,700	547,668
Less: Recoverable within one year		(174,372)	(189,972)
		184,328	357,696
Students' loans (unsecured - considered good)	7.2	9,361,978	7,613,225
Less : General provision for doubtful loans		(990,820)	(815,945)
		8,371,158	6,797,280
		8,555,486	7,154,976
Deposits		958,866	684,866
		<u>9,514,352</u>	<u>7,839,842</u>
7.1 These are interest free motorcycle loans to employees recoverable within 2 to 5 years. Motorcycles 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.			

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
8. Assets relating to specific funds			
Prize fund			
Defence Saving Certificates - Held to maturity		1,132,793	1,633,353
Less: Current portion of investments transferred to current assets		(519,418)	(973,216)
		<u>613,375</u>	<u>660,137</u>
Qarz-e-hasna fund			
Loans to students		195,320	195,320
IFEL fund			
Loans to students		546,225	546,225
		<u>1,354,920</u>	<u>1,401,682</u>
9. Short term investments	9.1	<u>21,000,000</u>	<u>32,000,000</u>
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 9.25% and 9.65% [2007: 8.5% and 11%] per annum.			
10. Assets relating to specific funds			
Prize fund			
Current portion of investments		519,418	973,216
Short term investments	10.1	1,300,000	-
Accrued profit on short term investments		88,250	3,398
Balance with bank (PLS accounts)		6,318	681,373
		<u>1,913,986</u>	<u>1,657,987</u>
Qarz-e-hasna fund			
Balance with bank		611,606	611,606
IFEL fund			
Balance with bank		38,700	38,700
		<u>2,564,292</u>	<u>2,308,293</u>
10.1 This amount represents face value of investment in Term Deposit Receipts with a bank, carrying effective interest rate of 9.85% [2007: Nil] per annum.			
11. Assets relating to endowment funds			
Students' Endowment Fund			
Short term investments	11.1	19,000,000	-
Receivable from ICAP		1,070,923	-
Accrued profit on short term investments		336,896	-
		<u>20,407,819</u>	<u>-</u>
Libraries Development Endowment Fund			
Short term investments	11.1	5,000,000	-
Receivable from ICAP		284,936	-
Accrued profit on short term investments		88,540	-
		<u>5,373,476</u>	<u>-</u>
		<u>25,781,295</u>	<u>-</u>
11.1 These amounts represent face value of investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates ranging between 9.00% and 9.65% [2007: Nil] per annum.			

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	(restated) 2007 Rupees
12. Loans, advances, prepayments, and other receivables			
Current portion of vehicle loans	7.1	174,372	189,972
Advances (considered good)			
Secured			
Staff	12.1	563,852	236,014
Unsecured			
Others		3,278,464	1,823,667
		3,842,316	2,059,681
Prepayments		563,630	503,664
Other receivables (considered good)			
Accrued profit on short term investments		351,983	1,116,803
Advertisement revenue receivable		330,835	342,710
Receivable on account of seminars / conferences		50,865	130,250
Receivable from RAETs	12.2	7,352,400	6,571,500
Receivable on account of revenue from facilities		240,200	205,700
Others		654,250	862,797
		8,980,533	9,229,760
		<u>13,560,851</u>	<u>11,983,077</u>
12.1 Staff advances are secured against the employees provident fund balances.			
12.2 In 2006-07, the amount related to receivable from RAETs has been restated due to change in accounting policy as mentioned in note 2.7.			
13. Cash and bank balances			
Cash in hand		386,299	162,768
Cash at bank			
Current accounts		2,431,025	4,414,002
PLS accounts		19,629,330	9,155,487
		22,060,355	13,569,489
		<u>22,446,654</u>	<u>13,732,257</u>

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
14. Creditors, accrued and other liabilities			
Creditors		4,421,751	3,440,411
Accrued expenses			
Examination conducting charges		4,429,128	3,104,215
Bonus to employees		912,122	847,429
Provision for property tax		-	2,401,975
Architect fee		184,964	184,964
Others		462,215	503,414
		5,988,429	7,041,997
Advance fees and charges			
Members		16,177,904	11,474,552
Examinations		20,832,494	3,680,870
Education and training		1,840,000	1,200,000
Others		27,500	149,600
		38,877,898	16,505,022
Retention money		2,951,434	1,849,877
Other liabilities			
Students' association		66,700	56,650
Regional committees			
South		366,323	409,916
North		360,760	801,250
		727,083	1,211,166
IASC Foundation royalty payable		883,144	552,362
Defined benefit plan - Gratuity fund	14.1	-	5,583,647
Others		2,705,336	482,080
		4,382,263	7,885,905
		<u>56,621,775</u>	<u>36,723,212</u>
14.1 This represents amount payable towards defined benefit plan (gratuity fund), computed on the basis of actuarial valuations.			
a) The amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation		-	5,583,647
b) Movement in net liability recognized in the balance sheet is as follows:			
Opening balance		5,583,647	3,865,962
Charge for the year		3,146,056	1,727,685
Payment during the year		(8,729,703)	(10,000)
Closing balance		-	5,583,647
c) Amount recognized in the income and expenditure account is as follows:			
Current service cost		1,850,114	1,341,089
Interest cost		558,365	386,596
Expected return on plan assets		(558,365)	-
Actuarial losses recognized		1,295,942	-
		<u>3,146,056</u>	<u>1,727,685</u>
Actuarial assumptions for valuation:			
Discount rate		12%	10%
Salary increase rate		12%	10%

Notes to the Accounts

For The Year Ended June 30, 2008

	2008 Rupees	2007 Rupees
15. Benevolent fund		
Balance as on July 1	1,093,900	319,498
Subscription and group insurance premium received during the year	2,154,600	3,412,827
	<u>3,248,500</u>	<u>3,732,325</u>
Transferred to benevolent fund / adjustments made during the year	2,450,305	2,638,425
	<u>798,195</u>	<u>1,093,900</u>

16. Contingencies and commitments

16.1 Capital commitments outstanding amounted to Rs. 2 million [2007: Rs. 12 million].

16.2 Property tax relating to Institute's building at Karachi has been fully paid during the year, hence no contingent liability in this respect exists at Balance Sheet date.

17. General Fund

Balance as of July 1 (previously reported)	129,386,792	127,357,259
Change in accounting policy for the accrual of income from RAETs - restated (Note 2.7)	6,571,500	2,990,900
Balance as at July 1 (restated)	<u>135,958,292</u>	<u>130,348,159</u>
Transferred from Income and Expenditure Account	15,674,703	5,610,133
	<u>151,632,995</u>	<u>135,958,292</u>

18. Specific funds

	Qarz-e- hasna fund	Prize fund	IFEL fund		
Balance as on July 1	806,926	2,318,124	584,925	3,709,975	3,644,668
Add: Profit on investments	-	272,920	-	272,920	249,361
Contributions received	-	-	-	-	100,000
Gold medal expenditure	-	(86,358)	-	(86,358)	(283,280)
Payable to the Institute	-	22,725	-	22,725	-
Bank charges	-	(50)	-	(50)	(774)
	<u>806,926</u>	<u>2,527,361</u>	<u>584,925</u>	<u>3,919,212</u>	<u>3,709,975</u>

19. Endowment funds

	Students' Endowment	Libraries Development Endowment		
Balance as on July 1	15,000,000	5,000,000	20,000,000	20,000,000
Profit on investments	1,262,019	373,476	1,635,495	-
Donations received	4,145,800	-	4,145,800	-
	<u>20,407,819</u>	<u>5,373,476</u>	<u>25,781,295</u>	<u>20,000,000</u>

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
20. Revenue			
Members' fee	20.1	30,010,158	25,466,705
Examinations	20.2	124,287,573	94,564,536
Education and training	20.3	36,954,000	33,394,468
Publications	20.4	5,919,552	3,523,377
Seminars and conferences	20.5	2,565,867	-
Other revenue	20.6	2,684,432	3,777,751
		<u>202,421,582</u>	<u>160,726,837</u>
20.1 Members' fee			
Admission fee		398,800	426,200
Annual subscription		25,664,558	22,038,045
Fees for certificates of practice		3,795,400	2,937,450
Others		151,400	65,010
		<u>30,010,158</u>	<u>25,466,705</u>
For comparison purpose, corresponding figures of fees for permission to train students, fees for firm name with foreign affiliation, and penalties on members have been reclassified appropriately.			
20.2 Examinations			
Examination fee		102,589,660	75,410,804
Annual registration fee		9,820,081	8,538,346
Examination conducting		1,119,937	1,035,021
Entrance test exemption		7,250,770	6,522,480
Entrance test fee		3,280,600	2,899,050
Others		226,525	158,835
		<u>124,287,573</u>	<u>94,564,536</u>
20.3 Education and training			
Registration fees		28,849,800	26,822,968
Registered Accounting Education Tutors' fees	20.3.1	8,104,200	6,571,500
		<u>36,954,000</u>	<u>33,394,468</u>
20.3.1	In 2006-07, the amount related to RAETs has been restated due to change in accounting policy as mentioned in note 2.7		
20.4 Publications			
Accounting standards		4,506,450	2,043,550
Auditing standards		744,100	744,050
Others		669,002	735,777
		<u>5,919,552</u>	<u>3,523,377</u>
20.5 Seminars and conferences			
SAFA conference - 2008		5,131,734	-
Less: Share of ICMAP		(2,565,867)	-
		<u>2,565,867</u>	<u>-</u>
20.6 Other revenue			
Revenue from facilities		2,068,261	3,338,125
Exchange gain on foreign currency		152,973	984
Miscellaneous income		463,198	438,642
		<u>2,684,432</u>	<u>3,777,751</u>

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
21. Expenditure			
Salaries, allowances and other benefits	21.1	77,031,081	60,962,033
Employees health insurance		1,065,163	1,047,552
Traveling and related expenses		12,713,858	10,790,898
Postage and telephone		5,793,106	5,013,710
Fees to international professional bodies		1,177,707	721,272
Printing and stationery		4,766,578	4,027,038
Legal and professional		2,082,830	962,100
Consultancy charges		742,000	-
Rent, rates and taxes		6,830,565	1,661,948
Utilities		6,353,492	4,945,669
Auditor's remuneration	21.2	276,925	116,850
Annual general meeting		746,981	305,250
Books and publications		491,993	720,564
Student exchange program		248,302	381,931
Conveyance		292,653	255,168
Entertainment		1,287,590	1,081,590
Bank charges		527,893	517,887
Insurance		773,149	786,595
Advertisements and exhibitions		2,769,203	2,388,938
Vehicles maintenance		2,379,496	1,895,634
Publication written off		236,503	-
Depreciation		13,212,922	11,475,399
Amortization		106,502	110,073
Examination charges		33,566,411	20,475,312
Cost of gold medals and award ceremony		302,885	287,016
Entrance test conducting charges		56,350	121,600
Registered accounting education tutor's appraisal cost		303,110	142,593
Employees training expenses		704,027	224,061
Publications-printing cost		7,864,012	5,184,512
Repairs and maintenance		3,924,903	2,315,961
General provision for doubtful students loans		174,875	265,160
Donations	21.3	112,853	-
Seminars and conferences	21.4	2,377,828	1,064,745
Sundry expenses		1,157,227	1,009,838
		<u>192,450,973</u>	<u>141,258,897</u>

For comparison purpose, corresponding figures of advertisements & exhibitions and student exchange program have been re-classified accordingly.

21.1 Following staff retirement benefits are included in the salaries, allowances and other benefits:

Defined benefit plan - Gratuity Fund	3,146,056	1,727,685
Defined contribution plan - Provident Fund	3,845,723	2,979,253
Defined contribution plan - Benevolent and Group Insurance Funds	405,230	352,472
	<u>7,397,009</u>	<u>5,059,410</u>

21.2 Auditors' remuneration

Audit fees:		
M. Afzal Munif	125,000	50,000
Adnan Zaman	125,000	50,000
Out of pocket	26,925	16,850
	<u>276,925</u>	<u>116,850</u>

21.3 Auditorium chairs of ICAP Islamabad office donated to M/s Flame, an Islamabad based NGO

Notes to the Accounts

For The Year Ended June 30, 2008

	Note	2008 Rupees	2007 Rupees
21.4 Seminars and conferences			
SAFA conference - 2008		4,118,536	-
Less: share of ICMAP (50%)		(2,059,268)	-
		2,059,268	-
CAPA conference - 2007		8,158	451,800
Other seminars		310,402	612,945
		<u>2,377,828</u>	<u>1,064,745</u>
22. Finance income			
Profit on Defence Saving Certificates		1,707,558	2,282,337
Profit on Term Deposit Receipts		3,789,143	3,620,027
Profit on PLS Accounts		541,533	230,487
		<u>6,038,234</u>	<u>6,132,851</u>
23. 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		22,446,654	13,732,257
Short term investments realizable within three months		-	10,000,000
		<u>22,446,654</u>	<u>23,732,257</u>

Notes to the Accounts

For The Year Ended June 30, 2008

24. Financial instruments and related disclosures

24.1 Financial assets and liabilities

	Interest / mark-up bearing				Non-Interest / Non Mark-up bearing			
	Effective interest rate	Upto one month	Over one month to one year	Over one year	Upto one month	Over one month to one year	Over one year	Grand Total
		month			month			
Financial assets								
Advances, loans and deposits	-	-	-	-	-	-	9,514,352	9,514,352
Investments	18%	-	7,720,090	-	-	-	-	7,720,090
Assets relating to specific funds	1% - 18%	376,818	1,537,168	613,375	-	650,306	741,545	3,919,212
Short term investments	9.25% - 9.65%	-	21,000,000	-	-	-	-	21,000,000
Assets relating to endowment funds	9.00% - 9.65%	-	24,425,436	-	-	1,355,859	-	25,781,295
Loans, advances, prepayments and other receivables	-	-	-	-	7,494,173	5,503,049	-	12,997,222
Cash and bank balances	1% - 5%	19,629,330	-	-	2,817,324	-	-	22,446,654
		20,006,148	54,682,694	613,375	10,311,497	7,509,214	10,255,897	103,378,825
Financial liabilities								
Creditors, accrued and other liabilities	-	-	-	-	10,106,877	7,637,000	-	17,743,877
Benevolent fund	-	-	-	-	798,195	-	-	798,195
		-	-	-	10,905,072	7,637,000	-	18,542,072
Net financial assets/(liabilities) - 2008		20,006,148	54,682,694	613,375	75,302,217	(127,786)	10,255,897	84,836,753
Net financial assets/(liabilities) - 2007		14,997,001	36,216,100	7,198,042	58,411,143	(6,997,605)	8,581,387	58,217,404
24.2 Foreign currency risk								
Financial assets exposed to foreign exchange rate risk included in cash and bank balances amounted to Rs. 1,902,126/-								
24.3 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.								
24.4 Risk management								
The Institute does not believe that it is exposed to major concentration of credit risk.								
24.5 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. 7.7 million(2007: Rs.14.94 million) as against the fair value of Rs.6.4 million (2007 : Rs.12.60 million)								

Notes to the Accounts

For The Year Ended June 30, 2008

25. Change in presentation

This year, income and expenditure account has been presented on overall gross revenue and expenditure basis, hence comparative figures have also been presented on the same basis.

26. Number of employees

Total number of employees at the year end was 170 (2007: 163)

27. Movement between General and Endowment Funds

In the meeting held on August 25, 2008, the Council approved transfer of Rs.4 million from General Fund to Students' Endowment Fund.

28. Date of authorization for issue

The Council of the Institute authorized these financial statements for issue on August 25, 2008.



Executive Director



President