

# 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 nineteen members. Fifteen 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

Abdul Rahim Suriya, FCA

## Vice Presidents

Mohammad Abdullah Yusuf, FCA (North)

Pervez Muslim, FCA (South)

## Members

Adnan Zaman, FCA

Ahmad Saeed, FCA

Ch. Nazir Ahmad Asad, FCA

Hafiz Mohammad Yousaf, FCA

Khalid Rahman, FCA

Nadeem Yousuf Adil, FCA

Naeem Akhtar Sheikh, FCA

Rafaqat Ullah Babar, FCA

Rashid Rahman Mir, FCA

Salman Ali Shaikh

Shaikh Saqib Masood, FCA

Suhail Ahmad

Tanwir Ali Agha

Yacoob Suttar, FCA

Waqar Masood Khan

Zahid Iqbal Bhatti, FCA







# Regional Committees

## Southern

### Chairman

Syed Najmul Hussain, FCA

### Honorary Secretary

Saad Kaliya, FCA

### Members

Adnan Ahmad Mufti, FCA

Khalilullah Shaikh, ACA

Riaz A. Rehman Chamdia, FCA

## Northern

### Chairman

Shibli Islam Rehan, FCA

### Honorary Secretary

Mohammad Ali Latif, ACA

### Members

Faisal Iqbal Khawaja, FCA

Irfan Ilyas, FCA

Muhammad Awais, FCA



# Management

**Executive Director**  
Moiz Ahmad, FCA

**Secretary**  
Shoaib Ahmed, ACA

**Director Examinations**  
Syed Masood Akhtar, FCA

**Director Education & Training**  
Zafar Abbas Badami, FCA

**Director Professional Standards  
Compliance and Evaluation**  
Shahid Hussain, ACA

**Director Technical Services**  
Muhammad Asif Iqbal, ACA

**Chairman Board of Studies**  
Fazal Husain Saiffee, FCA

**Director Board of Studies**  
Omair Jamal, FCA

**Regional Head (North)**  
Najamuddin Shad

**Regional Administrator  
(Islamabad)**  
S.M. Taqui Hussain

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**Peshawar Office**  
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Street No. 2  
Peshawar Cantt.  
Tel: (92-91) 5254337







## 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



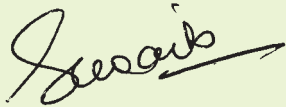
# Notice of Annual General Meeting

The 48th Annual General Meeting of the Institute of Chartered Accountants of Pakistan will be held on Wednesday, October 28, 2009 at 6:00 p.m. at ICAP Office, Islamabad.

## A G E N D A

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

1. Confirmation of the minutes of the 47th 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, 2009.
3. Appointment of auditors for the year ending June 30, 2010.
4. Any other business with the permission of the Chair.



**Shoaib Ahmed**  
Secretary

Karachi, October 1, 2009



I am pleased to welcome you to the 48th Annual General Meeting of the Institute of Chartered Accountants of Pakistan (ICAP) and take great pleasure in presenting to you the Annual Report thereof for the year ended June 30, 2009.

As you are aware, the elections of the Council of ICAP were held during June 2009. As a result of the said elections, the new Council was inducted on September 14, 2009, which elected me as the President of the Institute for the year 2009-10. I feel deeply honored on this election and would like to thank ALLAH and my colleagues on the Council for the trust they have reposed in me. I will, INSHALLAH, do my level best to live up to their expectations and pray that I succeed in delivering the goods at the end of the day.

I will also take this opportunity to welcome the members of the new Council and would like to sincerely thank all the members of the outgoing Council, particularly, President Syed Asad Ali Shah and Vice Presidents, Farrukh Junaidy and Rashid Rahman Mir, for their commitment and valuable services to the Institute.

### The year in retrospect

The year 2008 -09 will be remembered in history for the global economic downturn. There were massive business failures, which resulted in the fall of large financial institutions and some big businesses like nine pins. The situation in Pakistan was further exacerbated because of the poor health of our economy, continued political instability and deteriorating law and order situation in the country.

Quite understandably, the accounting profession, worldwide, could not remain aloof from these developments, with calls for better governance and transparency all around.

Despite the challenging circumstances, the program initiated by the outgoing Council four years ago continued unabated during the year and a number of measures (described in the Council's Report) were taken to improve and enhance education, quality control, corporate governance, disclosure and transparency of the Corporate Sector in Pakistan and better services to the members and students of the Institute.

The Institute continued to maintain close and cordial relations with IFAC and other international

## President's Review



Accounting bodies, and worked very closely with the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan on adoption and enforcement of matters of financial reporting, and relevant laws and regulations.

### The way forward

During the recent elections of the Institute, I and my other colleagues on the Council had the opportunity to interact with a large number of members, both within and outside Pakistan and the message filtering through was that the Institute has to come up with a strategy to deal with the diverse needs of members in practice, business, public sector and those based abroad.

While I believe that ICAP's vision for the future is relatively clear, I feel that we need to draw a comprehensive strategy and action plan to come up to the expectations of our members. On my part, I intend to pursue a program, with the assistance of my colleagues on the Council, that would provide a sense of belonging to the members of the Institute both within and outside Pakistan.

Some specific endeavors in this regard would be

- attracting and recruiting best people to the profession
- making our Chartered Accountants more competitive, while increasing their numbers at the same time
- improving the quality of our CAs



- revisiting our curriculum and syllabus with a view to bring necessary changes therein to bring our Institute at par with other renowned Institutes of the world
- encouraging international mobility of our members through mutual recognition agreements with other recognized and reputable International Accounting Institutes in the developed countries
- Introducing and promoting public interest reforms through dialogue with GOP, SECP, SBP and FBR
- maintaining our influence at international forums
- strengthening small and medium size practices in the country, which are the backbone of the profession, by providing them assistance they need
- continuing with improvements in the Quality Control program of the Institute
- strengthening the governance of the Institute
- establishing a think tank at the national level to ensure bigger and better participation of the members of the Institute

Let me now touch upon some of the areas mentioned above:

### Global recognition

Through mutual recognition agreements with other International Accounting institutes, we can provide an opportunity to our members to work in other countries. Further, these agreements would enable us to integrate advanced technologies and databases, introduce new principles, practices and methodologies, and ensure compliance with international education and training standards.

### Education and training

I believe that if our Chartered Accountants are to continue to be acclaimed internationally, we need to review our education and examination systems on an on-going basis. This, inter-alia, calls for a continuous review of syllabus to keep it in line with International Education Standards and making quality study material on all core subjects available to our students so that they are armed with the requisite knowledge and competencies to think objectively, communicate effectively and gain productive and fulfilling employment in accounting and related careers. The problem of absorption of Module D pass students in mainstream training is a major concern for the Institute. Perhaps, we could consider awarding a certificate or diploma to such students. We will have to work with all the stakeholders to redress this issue.

### Small and Medium Size Practices

Another area in which we would continue to work intensely is on the development of the Small and Medium Size Practices (SMPs). ICAP is the conduit, through which SMPs can channel their collaborative efforts, and our goal is to identify and implement solutions that help these firms grow, develop and deliver quality products.

### Public Interest Reforms

The SECP, FBR and SBP have been our important partners in implementing the Institute's public interest reforms. We will continue to engage in direct dialogue with them and maintain close coordination on areas of public interest.

### Overseas Chapters

A large number of our members are now serving in many countries around the world. We need to engage with them and benefit from their rich experience. Further, we need to provide them with opportunities for their professional development and provide them a forum to disseminate the CPD activities. In this regard, we propose to establish Chapters in some of the cities where a reasonably large number of our members reside

### Conclusion

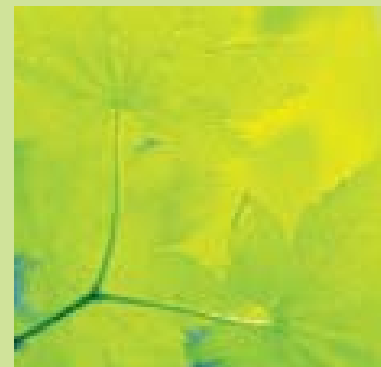
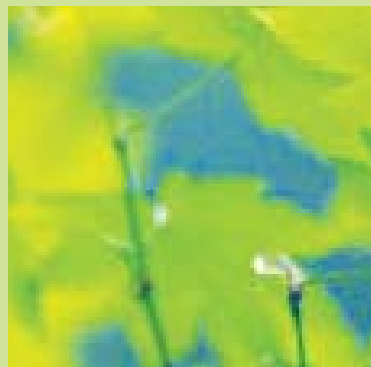
In conclusion, I would like to assure my wholehearted support and the support of the entire Council for the professional development of our members and students, safeguarding their interests and promotion of the Institute both nationally and internationally.

I trust that I will have the support and backing of our esteemed membership in this regard.

Thank you, once again.



Abdul Rahim Suriya  
October 1, 2009





# Council's Report

The Council of the Institute of Chartered Accountants of Pakistan (ICAP)  
is pleased to present its Annual Report 2009.





# Highlights of the Year

## Elections 2009

### ICAP Breaks New Ground in Electronic Voting

In its 203<sup>rd</sup> meeting held on December 30, 2008, the Council decided to hold elections to the 14<sup>th</sup> Council and two Regional Committees of South and North, on June 27, 2009.

In the spirit of innovation the Council considered the idea of E-voting. The bylaws of the CA Ordinance, 1961 were amended accordingly to allow 'Remote E-voting'. In pursuance of this initiative, the Executive pooled together all its resources to develop an in-house electronic application enabling members to cast their votes electronically with built-in security controls. On completion, the application development was variously tested to ensure its availability, security, integrity and accuracy.

A series of sessions was held to explain the mechanics of the E-voting process.

M/s FAMCO Associates (Private) Limited were hired to carry out a comprehensive systems and procedure audit of E-voting process. In order to eliminate the control

and access of the Internet Service Provider (ISP) over the E-voting application, it was designed and developed to host from ICAP premises. A comprehensive Business Continuity Plan for the E-voting process was developed and tested for effectiveness.

The Institute successfully conducted its first Council and Regional elections through electronic voting, for its overseas members and members residing in remote areas within Pakistan.

The E-voting system withstood the challenge posed by the transmission of votes over secure internet lines, and results were consolidated within hours.

### ICAEW Waives Training Requirement for ICAP Members

Further to the Memorandum of Understanding signed between ICAP and ICAEW in 2007, ICAP members can obtain ICAEW membership by complying with their examination requirements.

Effective June 30, 2009 there will be no condition for ICAP members to undergo additional training to become a member of ICAEW. In addition, ICAEW has allowed the waiver of the fee for obtaining credit for prior learning up to December 31, 2009.



ICAP Elections 2009





To be eligible for ICAEW membership, members must maintain ICAP membership and comply with requirements of ICAP's Code of Ethics.

### **Tax Audit Framework: FBR-ICAP MoU**

The Institute signed a Memorandum of Understanding (MoU) with the Federal Board of Revenue (FBR) for the outsourcing of tax audit by Chartered Accountants. FBR's main purpose behind outsourcing the tax audit through Chartered Accountants is to establish an objective and effective tax audit system that will create deterrence to mis-declarations in tax returns filed by tax payers.

This MoU signifies the development and implementation of a "Tax Audit Framework" that will ensure a fair, transparent and equitable tax administration to enhance public confidence in our taxation system.

The framework is intended to provide guidance to the firms of Chartered Accountants and the officials of the FBR with regard to the scope of work, the reports to be issued by the tax auditors, and other relevant matters for effective and efficient conduct of tax audits. The Tax Audit Framework has been sent for members' comments.

### **Diploma in International Financial Reporting Standards**

Keeping in view the convergence of major world economies such as USA, China and Canada to International Financial Reporting Standards (IFRS) and the increasing demand for IFRS specialists, ICAP has introduced its Diploma in IFRS. This program is intended for professionals working in accounting, audit and finance who want to take a qualification exam and broaden their knowledge and understanding of the main principles of IFRS and their practical application.

The first examination under this program was conducted on June 22, 2009.

### **Deregulation of RAETs**

Effective November 1, 2008 students are eligible to appear in examinations of Modules A to D without registering and studying with an RAET.

However, the Institute believes that studying with an RAET serves as a catalyst for improved student learning

and enables students to quickly progress through the modules.

### **Publication and Record Sale of Gripping IFRS Volume I**

The year marked the publication of *Gripping IFRS* Volume I which became an instant hit with students and members alike, selling a record 5,000 copies since publication. Originally published under the name *Gripping GAAP* by Lexis Nexis South Africa, the book has been revised by the Board of Studies to help our students fully and easily comprehend the concepts and principles of accounting. Adding value was a key to making the book-selling strategy work. *Gripping IFRS* was marketed as an easy to access, rich resource for study of International Financial Reporting Standards for students using English as a second language.

### **Corporate Governance Disclosures: Review and Report**

The reform initiatives in corporate governance in Pakistan have come jointly from the Securities and Exchange Commission of Pakistan (SECP) and The Institute of Chartered Accountants of Pakistan since 2002. The adopted codes have been incorporated in the listing regulations of the stock exchanges.

In furtherance of this objective ICAP is collaborating with the United Nations Conference on Trade and Development (UNCTAD) to conduct a study on the review of corporate governance disclosure practices in KSE30 Index companies. The study examines corporate reporting using a benchmark of 52 disclosure items developed by the Intergovernmental Working Group on International Standards of Accounting & Reporting (ISAR).

The responses and review of companies' reporting practices will become part of a report on the state of Corporate Governance Disclosures in Pakistan. The report will be presented at the 26th session of ISAR in Geneva and will be published in UNCTAD's annual review of International Accounting & Reporting Issues.

### **Syed Asad Ali Shah Nominated on IFAC Board and VC ISAR**

Syed Asad Ali Shah has recently been appointed Board Member of the International Federation of Accountants





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ICAP Conference 2009

(IFAC) bringing him the distinction of being the first ICAP appointee on the Board of IFAC.

In November 2008, Mr. Shah was also elected Vice Chair for the 25th Session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) under the aegis of the United Nations Conference on Trade and Development (UNCTAD). ISAR works in a number of areas including IFRS implementation, accounting by SMEs, corporate governance disclosure, corporate responsibility reporting, and environmental reporting.

### ICAP Conference 2009

ICAP Conference 2009, “Financial Meltdown – Crisis of Governance”, was held on August 19 and 20 at the DHA Country & Golf Club, Karachi. The Conference provided the perfect milieu for practitioners, government finance officials, industry leaders, public and private sectors, members and students to come together to discuss the global nature of finance in the current environment.

Keynote speakers and panelists drew on their experiences to provide individual perspectives on past forces and changes that are currently re-shaping global banking and finance and defining the new products, services, and institutions that will emerge from the credit crisis.

Issues ranged from the structure and practices of the global financial services industry, to the regulation of financial markets, to the impact of the financial meltdown on financial reporting, on local exports and manufacturing, and retail banking practices.

The Conference was held as part of the Silver Jubilee celebrations of the South Asian Federation of Accountants (SAFA) and was well attended by members of professional accounting bodies of SAFA region.

### Tribute to Irtiza Husain (1933-2008)

As a fitting tribute to an outstanding member of ICAP, the Council Room at ICAP Lahore has been named the Irtiza Husain Room in memory of Past President ICAP Irtiza Husain who passed away on January 10, 2008. Syed Asad Ali Shah presided over the ceremony.

Irtiza Husain was the first Chartered Accountant to be elected President of the Institute for three consecutive terms. On February 6, 1990 the Council passed a resolution recognizing his services to the Institute and the profession with special reference to his efforts in enactment of the Companies Ordinance, 1984.





# Education & Training

## Endowment Matters

From the small towns on the outskirts of Baluchistan and NWFP to the bustling cities of Karachi and Lahore, our students come from amazingly diverse backgrounds and circumstances.

Together, these young men and women make a fraternity that is proud of its achievements and stands on its own.

The diversity that defines ICAP depends on the Institute's efforts to reach beyond the circle of affluence with the promise of financial aid.

## Support for the Endowment Fund

The Institute's vision to help young students pursue the profession is shared by other reputable and socially responsible organizations.

During the year the Institute received donations of Rs.11.5 million in endowment funds from Pepsi Cola Pakistan (Pvt.) Ltd., English Biscuits Manufacturers and Pakistan Accountant Forum, Jeddah.

These funds gave ICAP the flexibility in 2008-09 to seize new opportunities for the academic and intellectual growth of 196 young men and women by disbursing Rs. 3 million in tuition fees.

## PepsiCo & ICAP Collaborate to Educate

Pepsi Cola Pakistan (Pvt.) Ltd. has joined hands with ICAP to provide student financial aid to promising young people wishing to build a career in chartered accountancy. In a ceremony held in Karachi on May 18, 2009 Andy Nichol, AMEA Division CFO Pepsi Cola handed over a check for Rs.10 million to Moiz Ahmad, Executive Director ICAP for the Students' Endowment Fund.

## SAFA Students' Conference 2009

The Institute held its 3rd SAFA Students' Conference on March 21, 2009 on the theme "2K8, The Year of Changed Realities" at ICAP House, Karachi. The Conference was largely attended by trainee students of the Institute and revolved around the global economic crisis.



SAFA Students' Conference 2009

Among the distinguished speakers were Khalid Rahman, Managing Director Pakistan Petroleum Limited; Farrukh Junaidy, Vice President ICAP; Sarfaraz Ahmed Rahman, Chief Executive Engro Foods Limited.; Usman Ghani Akbani, Director M. Yousuf Adil Saleem & Co.; and Sirajuddin Aziz, President Bank Alfalah Limited.



PepsiCo & ICAP Collaborate to Educate





## Softer Skills Competitions

The key skills recruiters look for in job applicants today are solid technical skills and an ability to communicate well.

To help our students develop softer skills to complement their traditional technical acumen, the Institute has developed a series of soft skills competitions that are held annually.

Details of these events are given below:

### Presentation Skills Competition

In October 2008 Presentation Skills Competitions were held in Karachi, Islamabad and Lahore for CA trainee students. Following students were declared winners:

City	Position	Name	Training Organization
Karachi	Winner	Hilla Dinshaw Daruwala	Ford Rhodes Sidat Hyder & Co.
	1 <sup>st</sup> Runner up	Anum Nadia Rahman	A. F. Ferguson & Co.
	2 <sup>nd</sup> Runner up	Hassan Matloob	A. F. Ferguson & Co.
Islamabad	Winner	Usman Aziz Shah	A. F. Ferguson & Co.
	1 <sup>st</sup> Runner up	Atiq-ur-Rahman	Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq
	2 <sup>nd</sup> Runner up	Zain-ul-Abideen	A. F. Ferguson & Co.
Lahore	Winner	Yasir Ghalib Qureshi	A. F. Ferguson & Co.
	1 <sup>st</sup> Runner up	Annie Mazhar Malik	A. F. Ferguson & Co.
	2 <sup>nd</sup> Runner up	Saqib Rao	Naveed Zafar Husain Jaffery & Co.

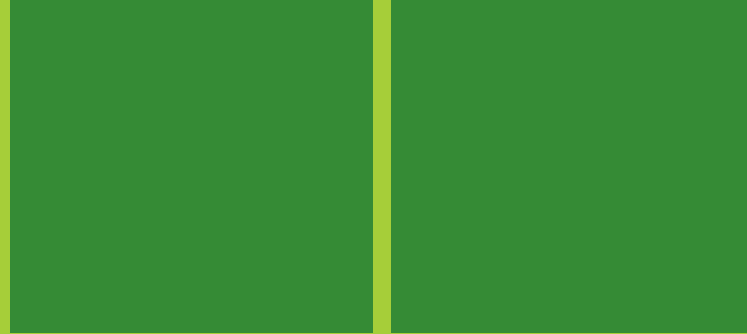
### Debate Competition

In June 2009 inter-RAET debate competitions were held in Karachi, Lahore and Islamabad for students of Modules A to D.

Following students were declared winners:

City	Position	Name	RAET
Karachi	Winner	Sania Ashiq Hussain	Alhamd Academy.
	1 <sup>st</sup> Runner up	Syeda Mehrunnisa	Tabani's School of Accountancy
	2 <sup>nd</sup> Runner up	Mahvish Bhatti	Tabani's School of Accountancy.
Lahore	Winner	Muhammad Malik Omair	Rise School of Accountancy
	1 <sup>st</sup> Runner up	Asia Hanif	Professionals' College of Accountancy-Faisalabad
	2 <sup>nd</sup> Runner up	Hiba Kayyum	Rise School of Accountancy
Islamabad	Winner	Abdul Basit Javed	Islamabad College of Accounts and Finance
	1 <sup>st</sup> Runner up	Umer Farooq	Wah College of Accountancy
	2 <sup>nd</sup> Runner up	Anum Aftab	Professionals' Academy of Commerce-Peshawar





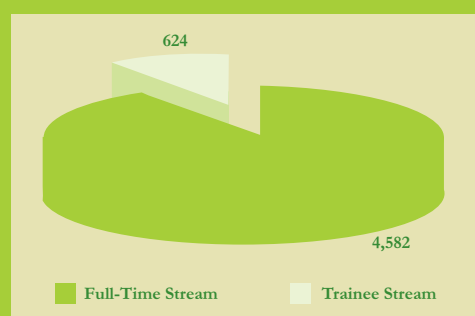
## Career Counseling Sessions

During the year 2008-09, various career counseling sessions were conducted by visiting schools and colleges, and participating in the Dawn Education Expo 2009 and the Scenario Group Expo.

The sessions provided an opportunity to offer guidance to talented, young students to pursue chartered accountancy.



## Students Intake 2008-2009



## City-wise Counseling Visits

City	No. of Institutes Visited	No. of Students Counseled
Charsadda	02	100
Faisalabad	14	3,770
Hyderabad	13	1,700
Islamabad	03	380
Jaranwala	04	870
Jhang	03	1,170
Karachi	12	3,000
Lahore	03	150
Peshawar	08	1,400
<b>Expos:</b>		
Career Expo 2009- Aga Khan Education Service		1,000
Dawn Education Expo 2009 (Karachi, Lahore and Islamabad)		3,000
Scenario Group Expo (Gujranwala, Faisalabad and Sargodha)		234

## Status of Training Organizations

During the year 56 new firms were inducted as Training Organizations (TO). The status of Training Organizations up to June 30, 2009 is as follows:

Description	11 & above partners	6-10 partners	3-5 partners	2 partners	sole proprietor	Total
Total Firms	5	13	30	74	292	414
Approved as TO	5	13	25	50	68	161
In Process	0	0	1	1	6	8
Applications not recieved.	0	0	4	23	218	245

## New RAETs Approved for Conducting Full Time Course

During the year a new RAET, Rise School of Accountancy – Lahore, was approved for conducting Full Time Foundation Course.





# Board of Studies

The Board of Studies has achieved several goals set for the year to provide quality study material and other facilities to students with an aim to assist them in their professional growth.

- Review and approval of five study packs for students of intermediate and final levels;
- Review of syllabi of all twenty subjects on the curriculum;
- Plan and prepare syllabus for IFRS Diploma course;
- Revamp of syllabus for Corporate Laws through inclusion of 'Corporate Governance and Professional Ethics' duly approved by the Council;
- Identify three books on Auditing to be published under the banner of ICAP after acquiring copyrights. These books are currently under review.
- Develop e-learning module and provide resource material for students' section.

## Gripping IFRS Volume II

Originally published in South Africa as *Gripping GAAP*, the first study pack on Accounting was successfully published and well-received. The Board of Studies has acquired copyrights of the book for Pakistan. A *Gripping IFRS Q & A* is being reviewed and will be published shortly.

Gripping IFRS Volume II is especially being written for ICAP by the same author on the topic of Consolidation and is due to be published in the first quarter of 2010.

## Call the Counselor Program

Call the Counselor Program of the Board of Studies demonstrates external academic support for students with an internal commitment on the Institute's part to help our students achieve their goals.

We strongly encourage students to send in their queries related to syllabus, exam preparation, reading material etc. via email. These queries are sifted subject-wise and forwarded to be replied by respective counselors with expertise in the subject matter.

The formula has produced a successful outcome in counseling.

To date, over 800 queries have been answered with an average of 60 to 70 queries per month.

## Suggested Answers for Modules E & F

As per Council's directions, BOS has started providing Suggested Answers for students of Modules E & F through our website. This year suggested answers for summer and winter 2008 exams were placed on the website. Suggested Answers for Modules A to D will be uploaded for autumn 2009 exam.





# Examinations

The number of students appearing in the Foundation and Intermediate examinations has been gradually increasing with more than 13,000 students sitting the Spring 2009 examination.

Presented below are a number of new initiatives taken during the year:

The Council approved the policy of publishing Suggested Solutions to papers of Modules E and F. Accordingly, solutions for June 2008 and December 2008 examinations have been prepared by the Board of Studies and posted on the Institute's website.

The Council approved the introduction of an IFRS Diploma Program. The first examination was held in June 2009. The examination comprised two papers: One based on MCQs and the other based on questions related to IFRS application.

The policy of Open Book Examinations introduced in June 2007 was extended to Business Finance Decisions (BFD) in Module F. Students sitting the BFD exam are now allowed to carry any three books of their choice. The open book policy is now applicable to a total of four subjects. The Institute plans to extend this policy in respect of other subjects, as well.

A new Oracle based system has been introduced for processing of examination and exemption forms. The system has been integrated with the systems of Education and Training, Membership and Finance Departments. With the new system in place our next target is to introduce web based form submission.

The infrastructure facilities of the Examinations Department have been significantly upgraded to meet increasing demand as approximately 32,000 students have appeared in the four examinations held in 2008-2009.





# Award of Gold Medals

## Autumn 2008

Pirzada Masab Qasmi  
s/o Shams-ul-Arfin Qasmi

ICAP Gold Medal (Ameena Khatib Foundation)

Baasit Ali  
s/o Asghar Ali

Kasbati Memorial Gold Medal

## Spring 2009

Hassaan Hamid  
s/o Hamid Ali

ICAP Gold Medal (Ameena Khatib Foundation)

Muhammad Ahsan Nadeem  
s/o Nadeem Ashraf

Kasbati Memorial Gold Medal

## Winter 2008

Muhammad Samme Akhtar  
s/o Shaukat Hussain

Irtiza Husain Gold Medal

## Summer 2009

Shumaila  
d/o Sadruddin

Bhimji Gold Medal  
J P Patel Memorial Gold Medal  
ICAP Gold Medal (Adam Patel)  
NBP Gold Medal

Fahmina Jawed Siddiqui  
d/o Jawed Anwer

Irtiza Husain Gold Medal

Saad Masood  
s/o Masood Ahmed

ICAP Gold Medal (Dewan Mushtaq Group)

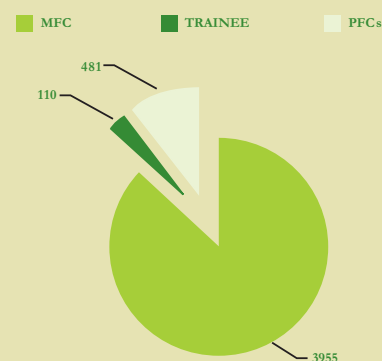




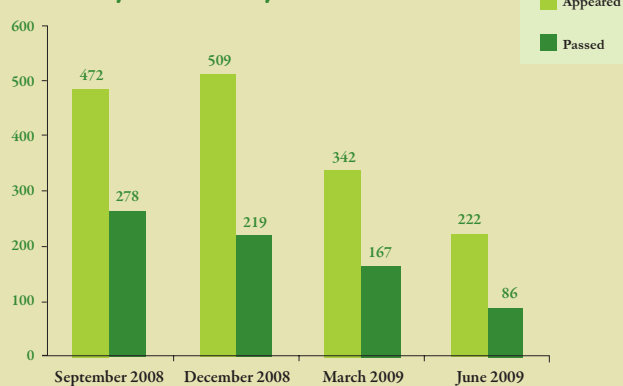
### Registered Examinees As on 30th June, 2009



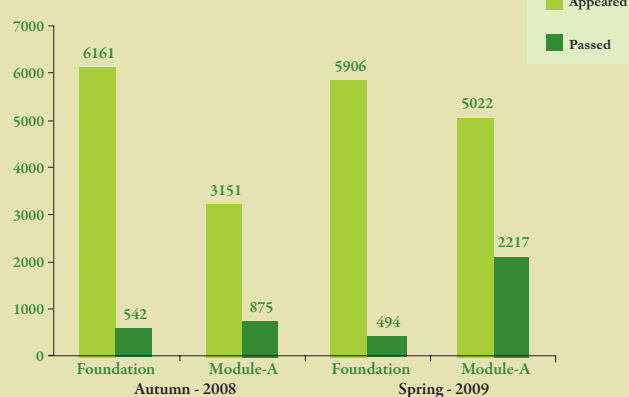
### New Examinees Registered 2008-09



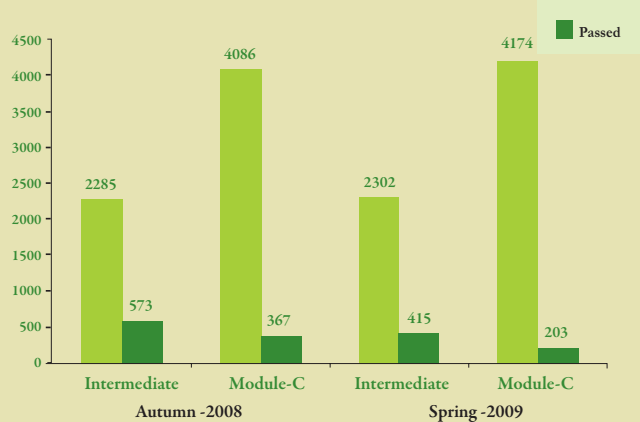
### Pre-entry Proficiency Test



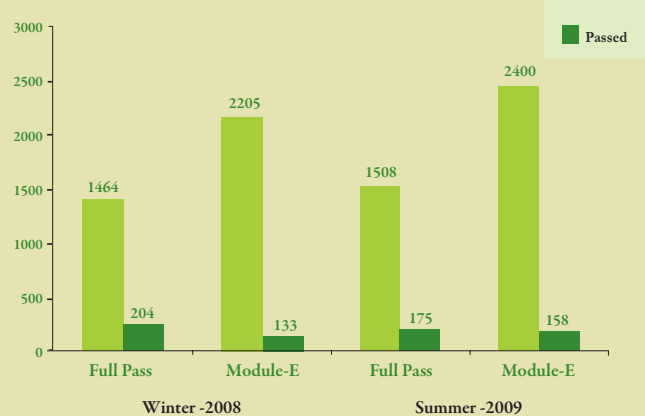
### Foundation Examination



### Intermediate Examination



### Final Examination





# Award of Certificates of Merit

## Autumn 2008

Sahar Khalid d/o Khalid Saeed Khan	Functional English
Zeeshan Siddique s/o Muhammad Siddique	Quantitative Methods
Saad Bin Salim Patel s/o Salim Patel	Introduction to Economics and Finance
Syed Taha Shakeb Ahmed Rizvi s/o Syed Shakeb Ahmed Rizvi	Introduction to Economics and Finance
Fahad Rahman s/o Fazal ur Rehman	Introduction to Financial Accounting
Hassaan Hamid s/o Hamid Ali	Mercantile Law
Junejo Mubashir s/o Waheed Hussain Junejo	Business Communication and Behavioural Studies
Asad Siddiqui s/o Masood Siddiqui	Taxation
Pirzada Masab Qasmi s/o Shams-ul-Arfin Qasmi	Financial Accounting
Umair Mahmood s/o Shahid Mahmood	Company Law
Umair Mahmood s/o Shahid Mahmood	Auditing
Behjat Mansoor d/o Mansoor ul Haque Siddiqui	Cost Accounting
Hasaan Mubasher Sheikh s/o Mubasher Akram	Information Technology

## Spring 2009

Safura Mahmud s/o Talat Mahmud	Functional English
Maria Ejaz d/o Ejaz Hussain Rathore	Quantitative Methods
Bakhtawar s/o Aftab Ahmed	Introduction to Economics and Finance
Maria Ejaz d/o Ejaz Hussain Rathore	Introduction to Financial Accounting
Muhammad Naeem s/o Muhammad Yousuf Khan	Mercantile Law
Hassaan Hamid s/o Hamid Ali	Financial Accounting
Fahad Rahman s/o Fazal ur Rehman	Taxation
Faiz Ali Jamal uddin s/o Jamal uddin Amir Ali Vidhani	Business Communication and Behavioural Studies
Khizer Kapadia s/o Muhammad Farooq Kapadia	Company Law
Hasan Mahmood s/o Mahmood Sadiq	Auditing
Muhammad Ahsan Nadeem s/o Nadeem Ashraf	Cost Accounting
Khizer Kapadia s/o Muhammad Farooq Kapadia	Information Technology

## IFRS DIPLOMA International Financial Reporting Standards (IFRS) Diploma Examination Summer 2009

The first examination for IFRS Diploma was held in June. A total of 15 candidates appeared for full pass. Out of those, 4 students passed the IFRS Diploma examination while 2 students passed Paper I, only. One student appeared in Paper II only and passed.





# Technical Services

Through its various Committees the Directorate of Technical Services (DTS) is proactively supporting and assisting members in their practice, and is 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.

## Proactive Involvement of DTS in Resolving Major Issues

During the year, DTS was actively involved in addressing the following issues:

Notices were issued by the Federal Board of Revenue (FBR) to some of the audit firms under Section 176 of the Income Tax Ordinance, 2001 requiring them to submit working paper files and other information relating to their clients. The Institute took up this

matter with the Chairman and other FBR representatives on a priority basis and after considering our point of view, the FBR issued a notice for withdrawing this requirement.

The need for transitional provisions for the implementation of the provisioning requirements of the Seventh Schedule of the Income Tax Ordinance, 2001 has been taken up by the Institute and the Pakistan Banking Association (PBA) with the Federal Board of Revenue (FBR). However, pending the final resolution of the matter and considering the fact that the interim financial statements of banks were due to be issued the Institute issued a circular giving guidance on interim treatment.

In view of the financial crisis and fair valuation issue in illiquid markets, the Institute held various meetings at different levels. As a result of the Institute's proactive intervention on the matter the regulators issued guidance and concession in calculation and recognition of impairment on listed equity securities in extremely difficult and turbulent circumstances which set the stage for consistency in financial reporting.

## Notifications from SECP

During the year under review, following notifications were issued by the Securities & Exchange Commission of Pakistan:

IFRS 4 'Insurance Contract' notified vide SRO No. 149 of 2009 and Circular 22 of 2009, dated June 30, 2009.

Implementation of IFRIC 4 'Determining whether an Arrangement contains a Lease' and IFRIC 12 'Service Concession Arrangements' have been deferred for all companies till June 30, 2010 subject to the condition that this relaxation would be applicable till the conclusion of their agreements entered on or before June 30, 2010 with the Government or other authority.

On ICAP's recommendation, requirements relating to Transfer Pricing in the Fourth Schedule of the Companies Ordinance, 1984 have been withdrawn.

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

During the year the Committee held five meetings and has prioritized the development of standards on the following:



Standard on Profit and Loss Sharing on Deposits  
 Standard on Diminishing Musharaka  
 Standard on Musharaka  
 Standard on General Presentation of Financial  
 Statements of Islamic Financial Institutions  
 Issues relating to Ijarah

Initial drafts of first three standards have been developed and are under consideration by the Committee.

### ICAP Pronouncements

#### Circulars Issued to Members

During the year following circulars were issued to members:

Accounting Technical release TR-31, 'Annuity Method of Depreciation'  
 Auditing Technical Release ATR- 20 "Auditors' Responsibility in respect of Non-Compliance with Laws and Regulations  
 Auditors' Report Format under ATR-19 (Revised 2008), 'Identification of Audit Engagement Partner in the Auditors' report on the Financial Statements'  
 Formats of Review Reports on Interim Financial information to be issued under ISRE 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'  
 Impact on Half Yearly Financial Statements of Banks due to amendments in Finance Act 2009  
 Review of Consolidated Financial Statements by External Auditors  
 Related Party Transactions  
 Notices under Section 176 of Income Tax Ordinance, 2001

#### Invitation of Comments from Members

Draft Guideline for Accounting and Financial Reporting by Non-Government/Non-profit Organizations  
 Exposure Draft - Fair Value Measurement  
 Discussion Paper -Credit Risk in Liability Measurement  
 Exposure Draft Management Commentary

### Disclosure Checklist & Guideline issued during the year

Financial Statements Disclosure Checklist for Economically Significant Entities (ESE)  
 Financial Statements Disclosure Checklist for Medium- sized Entities (MSEs)  
 Guidelines for Accounting and Financial Reporting by NGOs.  
 Illustrative financial statement of MSEs and SSEs

The above may be downloaded from ICAP website.

### Matters under Consideration

Auditors' Report on the Internal Controls Relating to Financial Areas.  
 Amendments to the format of Bank's Financial Statements.  
 Gap analysis between IFRS and disclosure requirements for NBFCs , Modaraba and Insurance Companies  
 Adoption of IFRS 1  
 Adoption of IFRS for SMEs  
 Financial reporting Guidelines for Non-Government / Non-Profit Organizations engaged in Micro Finance.

### Review of IASB Pronouncements

Following Exposure Drafts are under consideration by the Committee:

Fair Value Measurement  
 Classification of Rights issue (Proposed amendment in IAS 32)  
 Financial Instruments: Classification and Measurement  
 Rate Regulated Activities  
 Management Commentary

### Technical Opinions

During the year several queries on technical matters were received from various members and other institutions. Appropriate replies were sent to them. Some of the important issues/queries are as follows:

Particular Method for Providing Depreciation in the Accounts  
 Appointment of Auditor



Standard on Profit and Loss Sharing on Deposits  
 Standard on Diminishing Musharaka  
 Standard on Musharaka  
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 Appointment of Auditor



Treatment of Start-up Costs in the Case of Medium-Sized Entities  
 Accounting Treatment for Income Earned on Equity Raised Specifically for Qualifying Asset  
 Qualification of auditor's report  
 Deferred Tax Liability on Surplus on Revaluation of Fixed Assets  
 Disclosure and reporting Requirements for Delisted Companies  
 Treatment of Incremental Depreciation Arising out of Revaluation of Fixed Assets  
 Valuation of Biological Assets  
 Deferred Taxation on Investment Property  
 Capitalization of Borrowing Cost. Consolidation as per Section 237 of the Companies Ordinance, 1984  
 Applicability of IAS 28 'Investment in Associate' on Modarabas.  
 Disclosure of Audit Client's Information to the Income Tax Authorities  
 Maintenance of Register of Mortgages U/S 135 of the Companies Ordinance, 1984 and Fixed Assets Register as per ICAP – TR-6  
 Appointment of one Auditor in place of two Retiring Auditors.  
 Situation where a Conflict of Interest arises  
 Selection of Functional Currencies  
 Deferred Tax Reserve  
 Chargeability of WPPF Levy under WPPF Act 1968 on Profit Consisting Price Subsidy received from Government on Sale of Fertilizers  
 Depreciation on Idle Assets

### Other Matters

Review of Accounting and Auditing Technical Releases completed by the Technical Advisory Committee  
 Addition of new sections in Code of Ethics –Networking.  
 During the year, Accounting and Auditing Standards Committee has been split in two. Terms of Reference (TOR) of these Committees have been approved by the respective Committees.

### Interaction with Government, Regulatory Bodies and Other Stakeholders

#### References from IASB

Comments on the following exposure drafts were sent to IASB:

Financial Instruments with Characteristics of Equity  
 Reducing Complexity in Reporting Financial Instruments  
 Discontinued Operations (Proposed amendments to IFRS 5)  
 Post-implementation Revisions to IFRIC Interpretations (Proposed amendments to IFRIC 9 and IFRIC 16)  
 Relationships with the State (Proposed amendments to IAS 24)  
 Investments in Debt Instruments  
 Embedded Derivatives - Proposed amendments to IFRIC 9 and IAS 39  
 ED 10 Consolidated Financial Statements  
 Improved Conceptual Framework for Financial Reporting:  
     Chapter 1 The Objective of Financial Reporting  
     Chapter 2 Qualitative Characteristics and Constraints of Decision-Useful Financial Reporting Information  
 Simplifying Earnings per Share (Proposed amendments to IAS 33)  
 Improving Disclosures about Financial Instruments (Proposed amendments to IFRS 7)  
 Additional Exemptions for First-time Adopters (Proposed amendments to IFRS 1)  
 Income Tax  
 Derecognition (Proposed amendments to IAS 39 and IFRS 7)  
 IFRIC 14 – Prepayments of a Minimum Funding

Comments on the following Discussion papers were sent to IASB:

IAS 19 Employee Benefits.  
 Preliminary Views on an Improved Conceptual Framework for Financial Reporting: The Reporting Entity  
 Preliminary views on Financial Statement Presentation  
 Preliminary Views on Revenue Recognition in Contracts with Customers  
 Leases -Preliminary Views

### ICAP Action Plans Published on IFAC Website

The Statements of Membership Obligations (SMOs) are



issued by the IFAC Board and establish requirements for members and associates to promote, incorporate, and assist in implementing international standards issued by IFAC and the International Accounting Standards Board. The SMOs also establish requirements for quality assurance and investigation and discipline activities.

IFAC members and associates have to date participated in **three** parts of the compliance program that seeks to understand how the SMO requirements are being fulfilled.

- Part 1, Assessment of the Regulatory and Standard-Setting Framework
- Part 2, SMO Self-Assessment
- Part 3, Action Plans

The Part 3 process required two primary steps:

1. Organization's review and agreement of proposed Policy Recommendations that had been prepared by the IFAC staff based on Part 2 submission.
2. After the Policy Recommendations had been agreed, organization then initiated the preparation of an Action Plan that more specifically sets out how the policy matters are to be addressed.

The ICAP's Action Plans as part of the compliance program phase three have been published by IFAC and are now available on IFAC's website.

The Compliance Advisory Panel and the IFAC Compliance staff congratulated ICAP on this significant achievement. In particular, they appreciated the efforts of ICAP's leadership, staff and volunteers in the development of the Action Plan.

### Co-ordination between ICAP and SBP

During the year following issues were under discussion between ICAP and State Bank of Pakistan:

- Implementation of IAS 39 and IAS 40
- Implementation of Internal Control Guidelines
- Non-classification of significant amount of advances
- Audit of PLS rates
- Issuance of Management Letter
- Changes in IAS 1 – Presentation of Financial Statements

### Co-ordination between ICAP and SECP

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

- Revision in Audit Report format of Form 35 A
- Clarification on definition of Subsidiary and Holding Company
- Letter has been sent to SECP, to propose amendments in Companies Ordinance 1984 and Fourth Schedule and to align the requirements with IFRS.
- Revision in panel of auditors for Insurance companies and Modarabas
- Induction of non-CAs in audit firm – Amendment in Section 254(2)
- Revision in Audit Report format
- Requirement of initialing the financial statements by auditors under Listing Regulations
- Requirement of issuing Review Report on Related Party Transactions under Listing Regulations

### Comments sent to SECP on Different Regulations

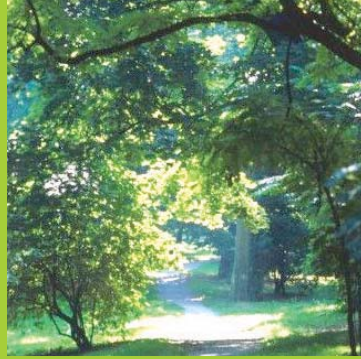
- Draft Companies ( Buy Back of Shares) Regulations
- Accounting of REIT schemes
- First Report of Consultative Group on Capital Markets on "Margin Financing".
- Draft Auditors' Guide sent by SECP.

### Taxation

The Committee on Taxation developed detailed proposals on Direct and Indirect taxes and economic policies for incorporation in the Federal Budget for the year 2009 – 2010. A booklet was printed and circulated to the members.

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





**Tax Audit Framework Signing Ceremony at Islamabad**

#### **Memorandum of Understanding (MoU) with the FBR on Tax Audit Framework**

On June 19, 2009, ICAP had signed a Memorandum of Understanding (MoU) with the FBR for the development and implementation of “Tax Audit Framework” for the outsourcing of Tax Audit by Chartered Accountants. This framework is aimed at laying down necessary requirements and providing guidance to the firms of Chartered Accountants and the officials of the FBR with regard to the scope of work, the reports to be issued by the tax auditors and other relevant matters for effective and efficient conduct of such audits. Currently the framework is for ‘Company cases’ only.

MoU is effective from July 01, 2009. FBR plans to start the process from October 2009.

Main objective of outsourcing the Tax audit through Chartered Accountants is to establish an objective and effective tax audit system that will create deterrence to mis-declarations in the tax returns filed by the tax payers. Such a system is expected to contribute in developing a culture of compliance with tax laws over time that will help in improving the tax collections as well as improve the tax to GDP ratio.

In order to ensure effective liaison and necessary quality controls, the Institute is considering developing an effective oversight mechanism to monitor the effective implementation of tax audits carried out by our members.

#### **SAFA Best Presented Accounts Awards**

SAFA organized the Best Presented Accounts Awards Ceremony 2007 in India on November 15, 2008. From Pakistan Fauji Fertilizer Company Limited secured first position in Manufacturing Sector. Sanofi-Aventis Pakistan Limited secured third position in Hospitality, Health, Transport & Shipping Sector. The following Pakistani companies also received certificates of merit in their respective categories:

Askari Bank Limited

Allied Bank Limited

Asian Stocks Fund Limited

Atlas Insurance Limited

Attock Petroleum Limited

Pakistan Telecommunication Company Ltd.

Highnoon Laboratories Limited

The Citizens Foundation

Evaluation of annual reports of SAFA countries for 2008 is in process and rankings will be finalized soon.





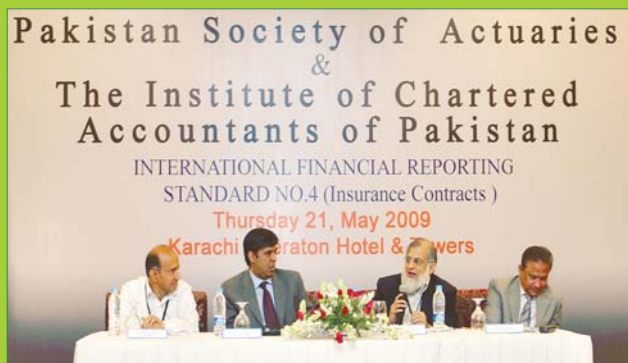
**Best Corporate Report Awards 2008**

### Best Corporate Report Awards 2008

For the ninth consecutive year, corporate reports for the financial year 2008 were evaluated by the Directorate of Technical Services. The Best Corporate Report Awards ceremony 2008 was organized by the Joint Committee of ICAP and ICMAP on June 15, 2009. Syed Salim Raza, Governor, State Bank of Pakistan was the Chief Guest. Evaluation Criteria for Best Corporate Report Awards has also been revised for the year 2009 which can be viewed at our Institute's website.

### Joint Seminar on IFRS – 4 'Insurance Contracts' by ICAP and Pakistan Society of Actuaries

The Institute and the Pakistan Society of Actuaries (PSOA) arranged a half day joint seminar on May 21,



2009 to provide guidance on the implementation of IFRS 4 and to give an overview of the impact of the standard on Insurance and Takaful company financial statements. The Securities and Exchange Commission of Pakistan has notified IFRS 4 and it is applicable for accounting periods beginning on or after January 1, 2009.

### Public Sector Committee

During the year, the Public Sector Committee (PSC) was constituted by the Council to serve the public interest by promoting adherence to high quality financial reporting public sector standards, furthering the convergence of such standards and providing guidance for financial information reported by the public sector.

The objective is to create awareness about the importance and effectiveness of International Public Sector Accounting Standards (IPSAS) among government institutions / public sector entities and recommend and promote its acceptance. It also aims at providing guidance on issues relating to governance and audit of public sector entities.

Three meetings of PSC were held during the year under review. Following matters are under the consideration by the Committee:

Major steps needed for Implementation of IPSAS in Pakistan





Major implementation issues faced (or anticipated) in initial adoption of ongoing application of the Cash Basis IPSAS:

- a. Consolidation of Government Business Enterprises
- b. Non availability of comparative information
- c. Non availability of data relating to third party payments

Updating the progress of phase 1 and 2 of SMO 5 of IFAC every 6 months. Update status on implementation of Action plans of SMO will be sent to IFAC in September, 2009.

To sign MoU between ICAP, AGP and CGA to promote good governance in Public sector. To consider the Exposure Drafts (EDs) issued by IPSASB of IFAC for committee members' comments.

To identify topics/issues/areas for workshops/seminars. The Committee decided to first conduct seminars in major cities like Karachi, Lahore and Islamabad.

In depth research in this area in order to promote good governance in public sector

Meeting with Auditor General of Pakistan to discuss the problems in implementation of IPSAS and way forward

Response to Surveys and Questionnaires issued by IFAC on a timely basis

### Economic Advisory Committee

This committee was formed for the first time by the Institute to act as a think tank on major economic issues facing the country and advise the Government and other agencies on possible measures. A number of issues have been discussed. Major policy recommendations were forwarded to the Government at the time of Budget which entailed revenue enhancement measures. It also included Administrative reforms in FBR and Tax Policy Reforms.

Four meetings of EAC were held during the year under review. Following matters are on the Committee's agenda:

- Issues relating to calculation of interest on deposit accounts
- Issues relating to Afghan Transit Trade
- Issues relating to Money Changers and their role in foreign currency flows

Recommendations relating to Monetary Policy:

- a. Direction of Monetary Policy
- b. Calculation of interest rate
- c. Control over inflation in the economy

Monetary Policy relating to:

- a. Calculation of recent Consumer Price Index (CPI) June 2009 by FBS
- b. Abnormality in Import Data numbers for the month of June 2009 by SBP

Gas pricing formula of Pak Iran gas pipeline project

Rental Power Projects viability

### Selected Opinions

DTS has finalized Volume XIV of Selected Opinions issued during July 2008 to June 2009 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:

To propose amendments in Companies Ordinance 1984, Fourth and Fifth Schedule in order to align the requirements with IFRS;

Adoption of IFRS 1

Adoption of IFRS for SMEs

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;

Issuance of Guidance on Mutual Funds and holding roundtables;

To propose amendment to Auditor's Report Form 35A, B, C and D

To propose amendments to Insurance Accounting Regulation and to develop Insurance Illustrative Financial Statements for Life, Non-life, Takaful companies

Organize technical session on IFRS-4 relating to accounting matters

Organize roundtable with audit firms for implementation issues of Tax Audit Framework





# Professional Standards Compliance & Evaluation

## Quality Control Review Program

The Quality Control Review (QCR) Program is integral to the Institute's regulatory framework, established to develop and maintain compliance of professional standards amongst firms engaged in the audits of limited companies, particularly listed entities, as the Code of Corporate Governance requires a satisfactory QCR rating as mandatory for CA firms conducting audits of listed entities. This reflects the Institute's commitment to protecting the stakeholders'/public's interest and maintaining rigorous self-regulatory standards.

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

As discussed last year, the Institute is fully committed to comply with the requirements of SMO-1 "Quality Assurance" for which it submitted an Action Plan to IFAC in January 2009.

## Reviews

During the period from September 1, 2008 to September 10, 2009, reviews of 98 audit engagements of 52 firms at 63 office locations were carried out at Karachi, Lahore, Islamabad, Multan, Faisalabad and Peshawar as compared to 119 audit engagements of 53 firms at 78 office locations during the period July 1, 2007 to August 31, 2008.

Out of 52 firms reviewed during this period, conclusions of 34 firms were that their audit opinions were 'supported by appropriate audit evidence' while the conclusions of 11 firms were that their audit opinions were 'not supported by appropriate audit evidence'. Reports of 7 firms are yet to be presented to the Board for approval.

As on September 10, 2009, 93 practicing firms, listed on the Institute's website, have been given satisfactory QCR rating.

## Quality Assurance Board (QAB)

Last year the Council approved the reconstitution of the Quality Assurance Board (QAB) for a term of three years up to September 2010. The 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 held seven meetings during the period under review and conducted the following business, apart from reviewing the QCR reports of the above mentioned reviews:

- Revision of QCR Framework
- Review and approval ISQC-1 Manual CD
- ICAP Action Plan for SMO 1 of IFAC
- Development of draft "Framework for Quality Control Review of Tax Audit Engagements".
- Revisit of the QAB plan for 2008-10
- Issuance of circulars on the following topics:-
  - Form for the List of Audit Engagements
  - Self-assessment by the firms to determine their ability to comply with the International Standard on Quality Control 1 (ISQC-1)
  - ISQC-1 Manual
  - International Standard on Quality Control-1 (ISQC-1) - Road Map



## 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, 2009 and the related income and expenditure account, cash flow statement and statement of changes in funds 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.

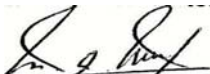
We conducted our audit in accordance with the international auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, 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 accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Institute; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Institute;
- c) in our opinion and to the best of our information and according to the " explanations given to us, the financial statements conform with approved accounting standards as applicable in Pakistan, and give a true and fair view of the state of the Institute's affairs as at June 30, 2009 and of the surplus, its cash flows and changes in funds for the year then ended.

The financial statements for the year ended June 30, 2008 were audited by Mr. Muhammad Afzal Munif, Chartered Accountant and Mr. Adnan Zaman, Chartered Accountant, who had expressed an unqualified opinion vide their report dated September 10, 2008.



Qasim E. Causer  
Chartered Accountant



Muhammad Afzal Munif  
Chartered Accountant

Karachi.  
September 04, 2009



## AUDITING STANDARDS COMMITTEE

Meetings Held (3)

Name	Attended
Usman Ghani Akbani	2
Farrukh Rehman	3
Haroon Tabraze*	1
Hina Usmani	1
Measum Baqar	0
Mohammad Abdullah Yusuf*	0
Muhammad Nadeem Shahab	1
Muhammad Tufail Salariya	2
Mushtaq Ali Hirani	2
Salahuddin	1
Shariq Ali Zaidi	3
Shibli Islam Rehan	3
Syed Aftab Hameed	2

*Note: With effect from May 6, 2009, Accounting and Auditing Standards Committee (AASC) was abolished and two separate committees for Accounting and Auditing were formed.*

## ACCOUNTING STANDARDS COMMITTEE

Meeting Held (1)

Name	Attended
Rashid Rahman Mir	1
Abdul Aleem	1
Asad Siddiqi	1
Ather Ali	0
Faisal Latif	1
Hamid Masood	0
Irfan Illyas	1
Irfan Rehman Malik	1
Mohammad Almas	1
Muddassar Mehmood	1
Muhammad Uzair	1
Muhammad Zulfikar Akhtar	0
Naresh Kumar	1
Shabbir Yunus	1
Syed Iftikhar Anjum	1

*Note: With effect from May 6, 2009, Accounting and Auditing Standards Committee (AASC) was abolished and two separate committees for Accounting and Auditing were formed.*

## QUALITY ASSURANCE BOARD

Meetings Held (7)

Name	Attended
Zafar Iqbal Sobani	7
Abbas	7
Amir Jamil Abbasi	6
Huma Pasha	2
Kamran Y. Mirza (Nominee SECP)	0
Khalid Rahman	6
M. Salman Burney (Nominee SECP)*	1
Muhammad Tufail Salariya	6
Nasim Beg (Nominee SECP)*	1
Nasimuddin Hyder	5
Noman Ahmed Qureshi (Nominee SBP)	2
Riaz A. Rehman	6
Rashid Rahman Mir	6
Shahid Nasim (Nominee SECP)**	2
Syed Fayyaz Mahmud (Nominee SECP)**	4

\* Mr. M. Salman Burney succeeded Mr. Nasim Beg from 19th QAB meeting.

\*\* Mr. Shahid Nasim succeeded Syed Fayyaz Mahmud from 20th QAB meeting.

## PUBLICATIONS COMMITTEE

Meeting Held (1)

Name	Attended
Abdul Rahim Suriya	1
Abdulwahid	1
Abdul Rab	1
Adnan Ahmad Mufti	0
Ahmad Saeed	1
Ahsan Ghaffar Mehanti	1
Asif Jamal	0
Ayub Vohra	0
Bilal Hashmi (Non Member)	0
Faisal Habib	0
Farzana	0
Fazal Mahmood	0
Hena Irfan	0
Jehan Zeb Amin	0
Junaid Haji Zikar	0
M. Arshad Siddiqui	1
Malik Mirza	0
Muhammad Mahmood Marfatia	0
Muhammed Amin Bhimani	1
Raheel Abbas Rizvi	0
Sophia Ahmed	0



## ACCOUNTING AND AUDITING STANDARDS COMMITTEE

Meetings Held (4)

Name	Attended
Rashid Rahman Mir	4
Abdul Aleem	4
Asad Siddiqi	2
Ather Ali	1
Faisal Latif	3
Farrukh Rehman	3
Hamid Masood	2
Irfan Illyas	3
Irfan Rehman Malik	0
Measum Baqar	0
Mohammad Almas	2
Muddassar Mehmood	2
Muhammad Nadeem Shahab	2
Muhammad Tufail Salariya	3
Muhammad Uzair	3
Muhammad Zulfikar Akhtar	3
Nareesh Kumar	2
Salahuddin	3
Shabbir Yunus	2
Shibli Islam Rehan	3
Syed Aftab Hameed	3
Syed Iftikhar Anjum	2

*Note: With effect from May 6, 2009, this Committee was abolished and two separate committees for Accounting and Auditing were formed.*

## COMMITTEE ON FINANCIAL SECTOR

Meetings Held (2)

Name	Attended
Shaikh Saqib Masood	2
Ali Munir	0
Aqueel Ebrahim Merchant	1
Ayaz Ahmed	2
Karim Hatim	0
Mahmood Ahmed Qureshi	1
Salman Hussain	2
Syed Farhan Ahmed	1
Syed Iftikhar Anjum	2
Syed Liaquat Ali	1
Syed Majid Ali	0
Tahir Hassan Qureshi	1
Yameen Kerai	2

## PUBLIC SECTOR COMMITTEE

Meetings Held (3)

Name	Attended
Mohammad Abdullah Yusuf	3
Abdul Hamid Pasha	2
Fuad Azim Hashimi	2
Hasan Saqib*	0
Jamal Abdul Nasir Usmani	2
Mohamed Aslam Ramzanali Dossa	2
Pervez Usman	2
Shah Mohammad Chaudhry	3
Waseem Kazmi	1
Yasmeen Ahmad Zai	1

*\* Joined from the 3rd meeting*

## ECONOMIC ADVISORY COMMITTEE

Meetings Held (4)

Name	Attended
Mohammad Abdullah Yusuf	4
Asad Omar	1
Imran Afzal*	1
Mohammad Farid Alam	2
Nasimuddin Hyder*	1
Shaikh Saqib Masood*	1
Syed Asad Ali Shah	3
Syed Masoud Ali Naqvi	2
Syed Mohammad Shabbar Zaidi	4
Yousuf Nazar	0
Zafar A. Khan	1
Zubair Motiwala	2

*\* Participated by special invitation*



## PROFESSIONAL STANDARDS & TECHNICAL ADVISORY COMMITTEE

Meeting Held (3)

Name	Attended
Imran Afzal	2
A. Husain A. Basrai	3
Ayaz Ahmed	2
Ejaz Hussain Rathore	3
Nadeem Tirmizi	1
Nasimuddin Hyder	3
Muhammad Aslam	3
Muhammad Yousuf Adil	2
Mujahid Eshai	2
Rashid Rahman Mir	3
Shaikh Saqib Masood	3
Syed Iftikhar Anjum	3
Syed Mohammad Shabbar Zaidi	3
Syed Sajid Ali	1
Tariq Iqbal Khan	1
Usman Ghani Akbani	2
Zafar Iqbal Sobani	2

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

Meetings Held (6)

Name	Attended
Ebrahim Yacoob Sidat	6
Abdulwahid	3
Ahmed Shuja Kidwai	2
Anwar Ahmed Meenai	4
Farrukh Vigaruddin Junaidy	0
Mahmood Shafqat**	2
Mohammad Najeeb Khan	6
Mufti Muhammad Zubair Usmani	3
Omar Mustafa Ansari	6
Pervez Said	3
Syed Iftikhar Anjum	4
Syed Liaquat Ali	1
Syed Sajid Ali	4
Zulfikar Khokhar*	3

\* Joined the Committee in place of Mr. Mahmood Shafqat from 3rd meeting held on February 18, 2009.

\*\* Retired

## COMMITTEE ON TAXATION

Meetings Held (2)

Name	Attended
Syed Mohammad Shabbar Zaidi	1
Adnan Zaman	2
Haider Ali Patel	2
Kamran Iqbal Butt	1
Khaliq-ur-Rahman	2
Mehmood	1
Muhammad Iqbal Ahmed	2
Qadeer Ahmad	1
Shahzad Hussain	0
Shaikh Saqib Masood	2
Syed Tariq Jamil	1
Waqar Masood Khan	1
Zubair Suttar	2

## TECHNICAL ADVISORY COMMITTEE

Meetings Held (7)

Name	Attended
Nasimuddin Hyder	7
Abbas	7
Arslan Khalid	7
Asim Zulfikar Ali	1
Faisal Ahmed	7
Hafiz Mohammad Yousaf	1
Hassan Nazir	5
Imran Iqbal	2
Karim Hatim	2
Mohammad Almas	5
Mohammad Tufail Salariya	4
Muddassar Mehmood	7
Najeeb Taher Moochhala	2
Rashid Ibrahim	2
Saud Ansari	4
Sayed Bakhtiyar Kazmi	0
Shakaib Arif	6
Shoaib Amin Ghazi	4
Syed Najmul Hussain	7





# Continuing Professional Development



ICAP MAP sign MoU

## Memorandum of Understanding with MAP

The Institute signed a Memorandum of Understanding with the Marketing Association of Pakistan (MAP) on August 26, 2008. The signing of the MoU gives both organizations the opportunity to pool their strengths and resources, and to draw upon the wealth of diversified experience available with them to develop the competencies and broaden the vision of the professionals of both organizations.

## CPD Activities

Various regional and local CPD Committees organized 67 CPD seminars/workshops in Karachi, Lahore, Islamabad, Faisalabad, Multan, Peshawar and Jeddah offering 236 CPD credit hours for members of the Institute. Last year 73 activities were held with 302 CPD credit hours.





# 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:

SUMMARY OF COMPLAINTS RECEIVED AND DISPOSED OFF DURING LAST THREE YEARS			
	2008-09	2007-08	2006-07
Cases at the beginning of the year	35	38	28
Complaints received during the year	4	16	20
	39	54	48
Complaints disposed off during the year	(19)	(19)	(10)
Complaints pending at the end of the year	20	35	38

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:

DETAILS OF CASES DISPOSED OFF			
Removal of Name	1	-	-
Members reprimanded by name	2	4	2
Reprimanded by name + penalty Rs.1,000	-	-	1
Members reprimanded without name	1	-	2
Reference made to High Court	-	-	1
Total	4	4	6

During the year, the Investigation Committee reprimanded two members, Afzal Hussein Dossani and Mahboob Ahmed Sheikh with name due to contravention of Clauses 1 & 6, and Clause 3 of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 respectively while the name of one member, Fida Hussain Merchant, was removed for six months and another member was reprimanded without name. Both were penalized due to non-compliance of Clauses 3 & 5 of Schedule I of the above-mentioned Ordinance.

## AGING ANALYSIS OF COMPLAINTS PENDING AS AT JUNE 30, 2009

Years	No. of Cases
2002	1
2005	2
2006	7
2007	5
2008	4
2009	1
	<u>20</u>

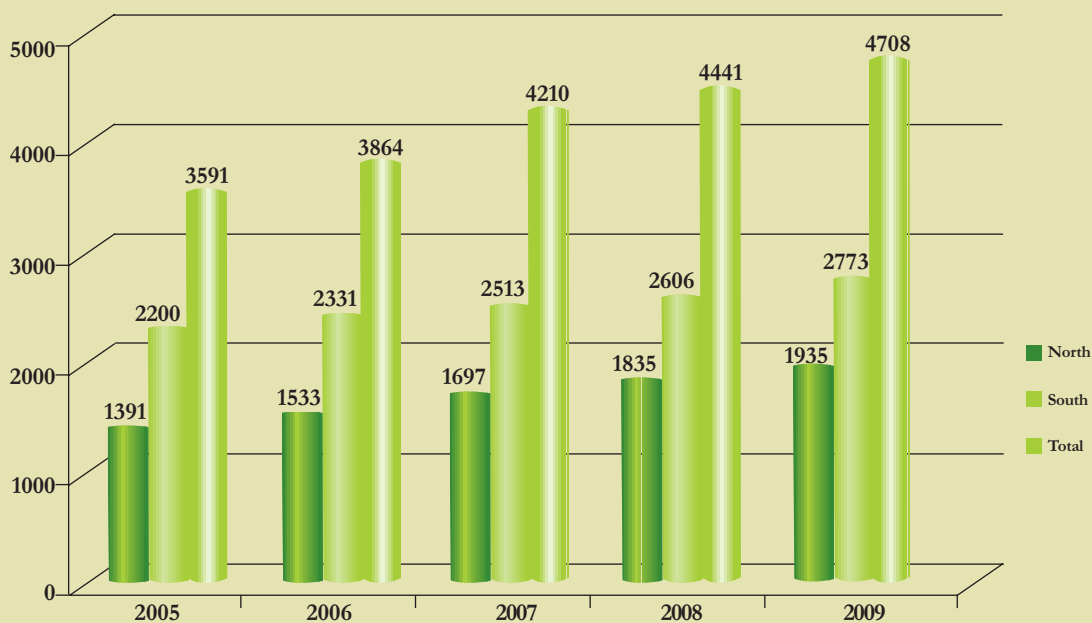




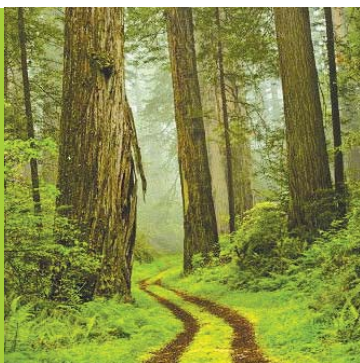
## Statistical Information of Membership

	Associates	Fellows	Total
<b>Domestic</b>	<b>June 30, 2009</b>		
Public Practice – Sole Proprietor	47	210	257
Public Practice – Partnership	69	315	384
Commerce / Industry	1,647	743	2,390
Corporations	3	7	10
Financial Institutions / Banks	234	112	346
Government	17	18	35
Education	34	35	69
Senior Members	5	116	121
<b>Overseas</b>			
Non practice	716	343	1,059
Public Practice	5	12	17
Senior Members	-	20	20
<b>TOTAL</b>	<b>2,777</b>	<b>1,931</b>	<b>4,708</b>

## Yearwise Growth in Membership







# Membership

Our membership is growing at a gradual pace. Membership of the Institute on June 30, 2009 was 4,708 out of which 1,096 members are overseas which accounts for 23 percent of the total membership. During the year 2008-09, 369 new members were admitted to the Institute and memberships of 94 were restored, resulting in an increase of 463 members.

Of the total membership, 83 percent are employed in commerce and industry, financial institutions, government departments and education, and 14 percent are in public practice.

Membership department is fully devoted to provide quality services to its members in an efficient and effective manner. In order to facilitate members, Membership has developed an online web portal for updating members' particulars in the Institute's record.

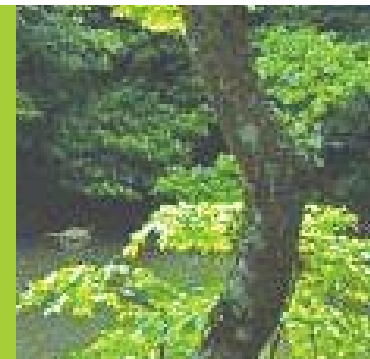
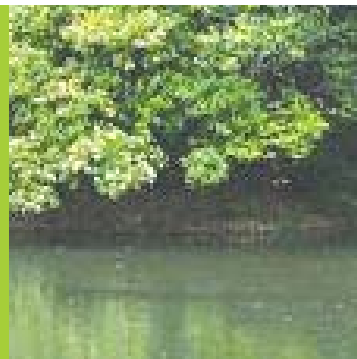
We are pleased to inform members that the Institute of Chartered Accountants in England & Wales (ICAEW) has agreed to fully recognize ICAP's training for the purpose of their ACA qualification. Effective June 30, 2009 there will be no condition for ICAP members to undergo additional training to become a member of ICAEW.

**ICAP also commiserates the passing away of its members:**

Rashad Irfan Malik
Shakil Akhtar Qureshi
Muhammad Saleem
Mohammad Saleem Sandhoo
Muhammad Mohsin Ghayur
Khadim Hussain Khoja
Zaid Masud
Badre-Alam Shami
Ather Jawed Ahmad
Mohammad Ibrahim Sheikh







### SMP Experience Sharing Session

Today every organization, be it large or small, is grappling with issues of remaining competitive, client focused, and operationally proficient, and SMPs are no exception. To discuss these issues, the Institute held an experience sharing session on June 30, 2009 with Ebrahim Yacoob Sidat, FCA, Past President ICAP and Country Managing Partner, Ford Rhodes Sidat Hyder & Co.

Mr. Sidat shared his vast experience and knowledge of the accounting environment and client issues with his audience. He said the top challenges SMPs faced were growing their business and productivity and keeping current with technology. He emphasized the need for networking among firms as more firms globally are becoming members of professional networks to serve the specialized needs of clients.

### Members Information & Education Series (MIES)

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

- |         |                                                                                    |
|---------|------------------------------------------------------------------------------------|
| MIES-22 | Enterprise Governance – Getting the Balance Right                                  |
| MIES-23 | The Crucial Roles of Professional Accountants in Business in Mid-Sized Enterprises |
| MIES-24 | Corporate Governance for Public Bodies – A Basic Framework                         |
| MIES-25 | Professional Accountants in Business – At the Heart of Sustainability?             |
| MIES-26 | Evaluating and Improving Governance in Organizations                               |



opportunity to members to discuss specific issues relevant to their practice which they might hesitate to share on larger forums.

During the period under review visits were made to 46 firms in Karachi, Lahore, Islamabad and Faisalabad.

We intend to continue these visits and hope that members will respond positively to this initiative in preparation for meeting ISQC-1 requirements.

### ISQC-1 Manual

Another effort towards assisting the firms to improve the quality of assurance and other related services for a smooth transition to ISQC-1 is the development of ISQC-1 Manual by ICAP.

The Manual provides standardized documents and formats to facilitate compliance with ISQC-1. This initiative was taken with the objective of enabling practices to improve the standard of documentation. This would in turn improve the overall quality of assurance and other related services which is in fact the underlying requirement of ISQC-1.

Many firms have already obtained the Manual while others are being encouraged to subscribe to a copy and to start using the standard documents ahead of the

ISQC-1's mandatory implementation date.

ICAP also plans to hold seminars to provide guidance on the use of ISQC-1 Manual as well as receive practicing members' comments and suggestions. Based on feedback from the seminars an updated version of the Manual will be issued.

### SMP Workshops

While ISQC-1 orientation essentially targets practice management there is a need to provide SMPs some support in terms of training their staff to enhance their understanding of the audit methodology generally, and the documentation requirements specifically.

To this end ICAP organized workshops on ISAs in Karachi, Lahore and Islamabad. Similar workshops are planned to be held in other cities.

It is hoped that these workshops will supplement the efforts and commitment of the practices towards successful implementation of ISQC-1.

### Training Workshops for SMP Members and Students

During the period under review, nine workshops were conducted:

S. No.	Theme	Facilitator	City	Date
1	Workshop on ISA-220	Zulfiqar Ali Sheikh	Karachi	Sep. 23, 2008
2	Workshop on ISA 200, 230, 500 & 501	M. Basheer Juma	Karachi	Nov. 27-28, 2008
3	Workshop on ISA 200, 230, 500 & 501	M. Basheer Juma	Lahore	Dec. 18-19, 2008
4	Workshop on Deferred Taxation	Tahmeen Ahmad	Islamabad	January 19, 2009
5	Workshop on Auditor's Report (ISA 700 & 701)	Usman Ghani Akbani Hena Irfan Ahmed	Karachi	March 14, 2009
6	Workshop on ISA 200, 230, 500 & 501	M. Basheer Juma	Islamabad	April 23-24, 2009
7	Workshop on ISA-570 'Going Concern'	Shumaila Halo	Karachi	April 23, 2009
8	Workshop on ISA-570 'Going Concern'	Abbas	Karachi	May 26, 2009
9	Workshop on IAS-38 'Intangible Assets'	Saira Shamsie	Karachi	July 16, 2009

A large number of members and students from SMPs attended these workshops.





## Revision of Framework of Quality Control Review (QCR) Program

In January the Council adopted ISQC-1 as a result of which this standard has become mandatory for all firms doing audits of listed companies from accounting periods beginning on or after July 1, 2009.

In order to align 'Framework for Quality Control Review Program' with ISQC-1; and to address certain other issues discussed in various QAB meetings, the revision of the QCR Framework became inevitable. Under the revised Framework, ICAP would be able to effectively monitor firms' level of compliance with ISQC-1.

Keeping this in view the Quality Assurance Board reviewed and revised the QCR Framework which was approved by the Council in its 210<sup>th</sup> meeting held on August 15, 2009.

## International Standard on Quality Control 1 (ISQC-1) - Road Map

Since the adoption of ISQC-1, ICAP has embarked upon an awareness program for practicing members, consciously focusing on Small and Medium Size Practices, with the objective of facilitating the implementation of ISQC-1.

Various initiatives were taken to inform and motivate members in practice regarding the implementation requirements of ISQC-1 and to provide the desired support in meeting them.

A brief of initiatives and programs undertaken is provided below:

### Self Assessment Questionnaire

As a first step towards creating awareness and encouraging compliance with the requirements of ISQC-1, ICAP developed a "Self Assessment Questionnaire" to assist practicing members/firms assess their resources and capacity for implementing ISQC-1 requirements and demonstrate their willingness for the same.

### Roundtable Meetings / Workshops

In the context of the Self Assessment Questionnaire, a

series of roundtable meetings were held in Karachi, Lahore and Islamabad to provide a forum for discussion to members in practice to share their views on the ISQC-1 requirements as well as develop understanding and compatibility for meeting these requirements.

Though these roundtable meetings were not very well attended, practicing members from firms of varied sizes and resources participated. Members were given a brief presentation on ISQC-1 followed by a walkthrough of the Questionnaire during which useful discussions took place on the various elements of ISQC-1.

Based on the feedback received, the Institute realized the need to hold similar roundtable sessions in smaller cities. Accordingly, sessions in Multan, Faisalabad and Peshawar were held.

### Feedback Document

As a follow-up to the roundtable meetings, the queries coming forth and the comments expressed during these sessions were compiled in the form of a Q & A document.

This was disseminated to members for their information and further guidance, especially for those members who could not attend these meetings.

### Mentoring Program

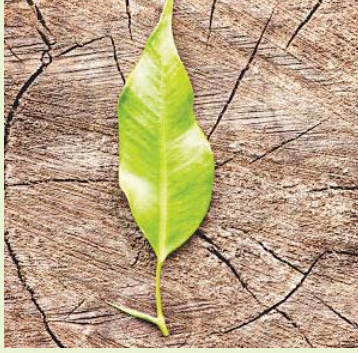
In continuation of the initiatives taken by ICAP to facilitate and motivate practicing members (especially SMPs) towards the imminent implementation of ISQC-1, the concept of "mentoring visits" was introduced.

As part of this program, ICAP reps have visited various SMP offices located country-wide. During these visits meetings are held with the partners and other senior professional staff of the firms.

The primary objective of these visits is to provide further guidance and orientation to members regarding the ISQC-1 requirements and in the process address any difficulties/limitations which SMPs may face in implementing the same.

These mentoring visits are also aimed at providing





# Publications

## Online Publications Survey

In February 2009, we undertook an online readership survey of our three major print and electronic publications: *The Pakistan Accountant*, monthly Newsletter and e-Technical Update. The purpose of conducting the survey was to determine the response of our readership towards *The Pakistan Accountant* and the monthly Newsletter and e-Technical Update, so that these responses could help improve cover story planning and deliver timely articles for the magazine and sharpen the focus of the Newsletter and e-Technical Update.

The survey module was developed by IT staff and report was compiled by the Publications Department.

### What was asked?

Most questions were multiple choice asking respondents to evaluate the quality of content and delivery of the three publications. Respondents could tick as many responses as they wanted to. At the end of the survey there was one open-ended Additional Comments section letting respondents record their observations on any one or all of the publications included in the survey.

### Who was asked?

Our respondents comprised all ICAP members initially, and all trainee students (Modules E & F) at the second stage. All respondents were asked the same questions.

### What do the results reveal?

The Publications Survey results positively identified three areas:

- ✓ 69% respondents agreed that *The Pakistan Accountant* has improved over the past two years. Though this is a cause for celebration it also reinforces the need to further improve the quality of the magazine.
- ✓ 45% respondents would like to see more content on business and career prospects in *The Pakistan Accountant*.
- ✓ 61% respondents would like to see *The Pakistan Accountant* as a broad based business, finance and management magazine as opposed to a traditional accounting, auditing and financial reporting magazine.

Additional Comments generally indicated that readers would like to see more of the following in *The Pakistan Accountant*:

- (i) industry trends;
- (ii) current issues faced by the profession;
- (iii) business & job opportunities;
- (iv) a students' section in the magazine;
- (v) latest developments/proposed changes in IFRS and IAS.

The Publications Survey has helped us understand what is working and what needs improvement. There are a number of areas where we need to make incremental improvements and the survey results give us a platform to do that.





# Human Resource

This year the size and scope of the Institute's activities has seen unprecedented growth. The Human Resource & Administration Department has made significant efforts in line with the Institute's objectives.

## HR ACTIVITIES

- **Hiring and Improvement in Benefits**

The focus of HR has been to build up on 'strategic competencies' by taking into account management acumen, market knowledge, and technical capabilities of new hires. Permanent staff strength at the year end was 173. To attract and retain quality staff some policies and benefits have been revised.

- **Training and Development**

The Institute is acutely aware that competencies are capable of expanding, adapting, and developing through training. In view of this 46 staff members were sent for various development training courses. These training courses, including seminars and workshops comprised Managerial Grid, leadership skills, softer skills, Information Technology etc.

Several presentations were made by staff returning from these courses during knowledge sharing sessions.

Planning Retreat was arranged at Karachi office. Staff from regional offices were invited to participate.

## ADMINISTRATIVE ACTIVITIES

To accommodate maximum number of ICAP examinees at the Institute's premises, we have converted basement into a fully air-conditioned examination hall. Approximately 180 students can be accommodated in the new hall.

A passenger elevator for the basement, ground, first and second floors has been installed at ICAP House, Karachi.

CCTV cameras have been installed at various office locations to improve security arrangements.

Fire alarm system has been installed in the newly renovated areas of offices at Karachi.

As part of beautification of premises a water pond has been constructed at Karachi office.

- **Arrangements for Professional Activities**

The Institute is committed to carrying out varied training and professional activities for our members, students, firms and for other organizations. During the year administrative support was provided for more than 300 training events, seminars, lectures and other such activities.



# Information Technology

IT department continued its efforts to modernize and strengthen IT infrastructure of the Institute.

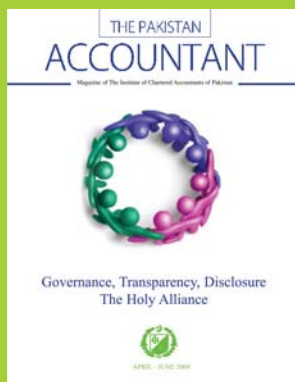
Major IT achievements during the year were:

- Successful launch of ICAP Portal with additional features such as conducting online surveys, and enhancement of secured area for both Council members and students
- In-house design and development of software for E-voting and software module for processing of Council and Region voting results
- Development of further software modules for implementing in ongoing ICAP – ERP software development program.

Digitization of documents is progressing smoothly and will be completed this year. As part of new system implementation the process of student examination registration will be automated at facilitation centers in Karachi and Lahore

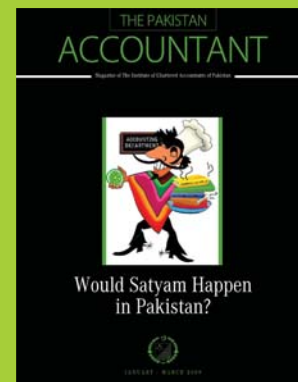






## The Pakistan Accountant Current Content Analysis 2008-2009

Accounting & Auditing 13%  
International Accounting Standards 8%  
Financial Reporting 4%  
Law, Regulation & Taxation 13%  
IT 13%  
Banking 16%  
Corporate & Global Finance 13%  
Islamic Finance 20%



Following a total quality control approach we have begun to get the magazine off the ground by completing as much of the pre-production, content and design, in house as we can. This involves assembling and formatting the Newsletter and *The Pakistan Accountant*.

Another objective has been to vary our content and format to keep our readers engaged. As the magazine gains approval, our repertoire of authors is building

### IIN Publishing Taskforce Meetings

As member of the International Innovation Network (IIN) ICAP nominees are also on the IIN Publishing Taskforce. The Publishing Taskforce holds conference calls every two months.

In the present global climate the focus of the taskforce meetings has been on revenue changes and on streamlining cost savings for various content offerings developed for members. Also on the agenda for future meetings is review of new products/publications or content that could be transferable among member Institutes, and XML implementation in the current publishing environment.

**The future of publishing** is online. Additionally, the financial crisis has highlighted the need to consider what content could be published electronically.

Another option is to take production to a “print on demand” format, where the estimated run is printed and when stock is down to a specific threshold, the publication goes back to print for the expected demand.

Our main focus for next year will be to increase the quality and frequency of online content for the benefit of our readers. A central change we would have to make is to redesign *The Pakistan Accountant* web page. With advertising revenues declining, the option of releasing a full electronic version of *The Pakistan Accountant*, sometime in future, as a measure of cost savings and innovation, should be worth considering.





# 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. Qasim E. Causer and Mr. Afzal Munif the auditors of the Institute, as well as Directors and other staff of the Institute for their devoted services.

By order of Council



**Shoaib Ahmed**  
Secretary

Karachi, October 1, 2009





# Statistics of Meetings Held & Attendance

September 11, 2009 to September 13, 2009

## COUNCIL

Meetings Held (12)

Name	Attended
Asad Ali Shah	11
Farrukh Viqaruddin Junaidy	10
Rashid Rahman Mir	11
Abdul Rahim Suriya	10
Ahmad Saeed	12
Imran Afzal	9
Mohammad Abdullah Yusuf	11
Nasim Hyder	10
Rafaqat Ullah Babar	5
Razi-ur-Rahman Khan	0
Salman Ali Shaikh	2
Salman Siddique	1
Shahzad Hussain	8
Shaikh Saqib Masood	11
Syed Mohammad Shabbar Zaidi	11
Syed Shahid Hussain Jafri	4
Waqar Masood Khan	7

## EXECUTIVE COMMITTEE

Meetings Held (4)

Name	Attended
Asad Ali Shah	4
Farrukh V. Junaidy	3
Rashid Rehman Mir	4
Ahmad Saeed	4
Nasim Hyder	3
Rafaqat Ullah Babar	2
Shahzad Hussain	3
Shaikh Saqib Masood	3
Syed Mohammad Shabbar Zaidi	4
Syed Shahid Hussain Jafri	2

## EXAMINATION COMMITTEE

Meetings Held (04)

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

\* The President does not attend the meetings of Examination Committee as per tradition.

## INVESTIGATION COMMITTEE

Meetings Held (5)

Name	Attended
Rashid Rahman Mir	5
Abdul Rahim Suriya	2
Ahmad Saeed	5
Hamid Khan	4
Mehmood Y. Mandviwalla	3
Mohammad Abdullah Yusuf	3
Nasimuddin Hyder	4
Rafaqat Ullah Babar	2
Shahzad Hussain	3
Syed Shahid Hussain Jafri	1

## CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE

Meeting Held (1)

Name	Attended
Rafaqatullah Babar	1
Abdul Rahim Suriya	1
Ahmad Saeed	1
Muhammad Ibrahim	1
Naeem Akhtar Sheikh	0
Rashid Ibrahim	1
Shibli Islam Rehan	1
Sultan Mubasher	1

## EDUCATION AND TRAINING COMMITTEE

Meeting Held (1)

Name	Attended
Shahzad Hussain	1
Abdul Rahim Suriya	0
Ahmed Saeed	1
Atifa Arif Dar	1
Mukhtar Hussain Jaffery	1
Nasimuddin Hyder	1
Rashid Rahman Mir	0
Syed Mohammad Shabbar Zaidi	1



## PROFESSIONAL STANDARDS & TECHNICAL ADVISORY COMMITTEE

Meeting Held (3)

Name	Attended
Imran Afzal	2
A. Husain A. Basrai	3
Ayaz Ahmed	2
Ejaz Hussain Rathore	3
Nadeem Tirmizi	1
Nasimuddin Hyder	3
Muhammad Aslam	3
Muhammad Yousuf Adil	2
Mujahid Eshai	2
Rashid Rahman Mir	3
Shaikh Saqib Masood	3
Syed Iftikhar Anjum	3
Syed Mohammad Shabbar Zaidi	3
Syed Sajid Ali	1
Tariq Iqbal Khan	1
Usman Ghani Akbani	2
Zafar Iqbal Sobani	2

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

Meetings Held (6)

Name	Attended
Ebrahim Yacoob Sidat	6
Abdulwahid	3
Ahmed Shuja Kidwai	2
Anwar Ahmed Meenai	4
Farrukh Vigaruddin Junaidy	0
Mahmood Shafqat**	2
Mohammad Najeeb Khan	6
Mufti Muhammad Zubair Usmani	3
Omar Mustafa Ansari	6
Pervez Said	3
Syed Iftikhar Anjum	4
Syed Liaquat Ali	1
Syed Sajid Ali	4
Zulfikar Khokhar*	3

\* Joined the Committee in place of Mr. Mahmood Shafqat from 3rd meeting held on February 18, 2009.

\*\* Retired

## COMMITTEE ON TAXATION

Meetings Held (2)

Name	Attended
Syed Mohammad Shabbar Zaidi	1
Adnan Zaman	2
Haider Ali Patel	2
Kamran Iqbal Butt	1
Khaliq-ur-Rahman	2
Mehmood	1
Muhammad Iqbal Ahmed	2
Qadeer Ahmad	1
Shahzad Hussain	0
Shaikh Saqib Masood	2
Syed Tariq Jamil	1
Waqar Masood Khan	1
Zubair Suttar	2

## TECHNICAL ADVISORY COMMITTEE

Meetings Held (7)

Name	Attended
Nasimuddin Hyder	7
Abbas	7
Arslan Khalid	7
Asim Zulfikar Ali	1
Faisal Ahmed	7
Hafiz Mohammad Yousaf	1
Hassan Nazir	5
Imran Iqbal	2
Karim Hatim	2
Mohammad Almas	5
Mohammad Tufail Salariya	4
Muddassar Mehmood	7
Najeeb Taher Moochhala	2
Rashid Ibrahim	2
Saud Ansari	4
Sayed Bakhtiyar Kazmi	0
Shakaib Arif	6
Shoaib Amin Ghazi	4
Syed Najmul Hussain	7



## ACCOUNTING AND AUDITING STANDARDS COMMITTEE

Meetings Held (4)

Name	Attended
Rashid Rahman Mir	4
Abdul Aleem	4
Asad Siddiqi	2
Ather Ali	1
Faisal Latif	3
Farrukh Rehman	3
Hamid Masood	2
Irfan Illyas	3
Irfan Rehman Malik	0
Measum Baqar	0
Mohammad Almas	2
Muddassar Mehmood	2
Muhammad Nadeem Shahab	2
Muhammad Tufail Salariya	3
Muhammad Uzair	3
Muhammad Zulfikar Akhtar	3
Nareesh Kumar	2
Salahuddin	3
Shabbir Yunus	2
Shibli Islam Rehan	3
Syed Aftab Hameed	3
Syed Iftikhar Anjum	2

*Note: With effect from May 6, 2009, this Committee was abolished and two separate committees for Accounting and Auditing were formed.*

## COMMITTEE ON FINANCIAL SECTOR

Meetings Held (2)

Name	Attended
Shaikh Saqib Masood	2
Ali Munir	0
Aqueel Ebrahim Merchant	1
Ayaz Ahmed	2
Karim Hatim	0
Mahmood Ahmed Qureshi	1
Salman Hussain	2
Syed Farhan Ahmed	1
Syed Iftikhar Anjum	2
Syed Liaquat Ali	1
Syed Majid Ali	0
Tahir Hassan Qureshi	1
Yameen Kerai	2

## PUBLIC SECTOR COMMITTEE

Meetings Held (3)

Name	Attended
Mohammad Abdullah Yusuf	3
Abdul Hamid Pasha	2
Fuad Azim Hashimi	2
Hasan Saqib*	0
Jamal Abdul Nasir Usmani	2
Mohamed Aslam Ramzanali Dossa	2
Pervez Usman	2
Shah Mohammad Chaudhry	3
Waseem Kazmi	1
Yasmeen Ahmad Zai	1

*\* Joined from the 3rd meeting*

## ECONOMIC ADVISORY COMMITTEE

Meetings Held (4)

Name	Attended
Mohammad Abdullah Yusuf	4
Asad Omar	1
Imran Afzal*	1
Mohammad Farid Alam	2
Nasimuddin Hyder*	1
Shaikh Saqib Masood*	1
Syed Asad Ali Shah	3
Syed Masoud Ali Naqvi	2
Syed Mohammad Shabbar Zaidi	4
Yousuf Nazar	0
Zafar A. Khan	1
Zubair Motiwala	2

*\* Participated by special invitation*



## AUDITING STANDARDS COMMITTEE

Meetings Held (3)

Name	Attended
Usman Ghani Akbani	2
Farrukh Rehman	3
Haroon Tabraze*	1
Hina Usmani	1
Measum Baqar	0
Mohammad Abdullah Yusuf*	0
Muhammad Nadeem Shahab	1
Muhammad Tufail Salariya	2
Mushtaq Ali Hirani	2
Salahuddin	1
Shariq Ali Zaidi	3
Shibli Islam Rehan	3
Syed Aftab Hameed	2

*Note: With effect from May 6, 2009, Accounting and Auditing Standards Committee (AASC) was abolished and two separate committees for Accounting and Auditing were formed.*

## ACCOUNTING STANDARDS COMMITTEE

Meeting Held (1)

Name	Attended
Rashid Rahman Mir	1
Abdul Aleem	1
Asad Siddiqi	1
Ather Ali	0
Faisal Latif	1
Hamid Masood	0
Irfan Illyas	1
Irfan Rehman Malik	1
Mohammad Almas	1
Muddassar Mehmood	1
Muhammad Uzair	1
Muhammad Zulfikar Akhtar	0
Naresh Kumar	1
Shabbir Yunus	1
Syed Iftikhar Anjum	1

*Note: With effect from May 6, 2009, Accounting and Auditing Standards Committee (AASC) was abolished and two separate committees for Accounting and Auditing were formed.*

## QUALITY ASSURANCE BOARD

Meetings Held (7)

Name	Attended
Zafar Iqbal Sobani	7
Abbas	7
Amir Jamil Abbasi	6
Huma Pasha	2
Kamran Y. Mirza (Nominee SECP)	0
Khalid Rahman	6
M. Salman Burney (Nominee SECP)*	1
Muhammad Tufail Salariya	6
Nasim Beg (Nominee SECP)*	1
Nasimuddin Hyder	5
Noman Ahmed Qureshi (Nominee SBP)	2
Riaz A. Rehman	6
Rashid Rahman Mir	6
Shahid Nasim (Nominee SECP)**	2
Syed Fayyaz Mahmud (Nominee SECP)**	4

\* Mr. M. Salman Burney succeeded Mr. Nasim Beg from 19th QAB meeting.

\*\* Mr. Shahid Nasim succeeded Syed Fayyaz Mahmud from 20th QAB meeting.

## PUBLICATIONS COMMITTEE

Meeting Held (1)

Name	Attended
Abdul Rahim Suriya	1
Abdulwahid	1
Abdul Rab	1
Adnan Ahmad Mufti	0
Ahmad Saeed	1
Ahsan Ghaffar Mehanti	1
Asif Jamal	0
Ayub Vohra	0
Bilal Hashmi (Non Member)	0
Faisal Habib	0
Farzana	0
Fazal Mahmood	0
Hena Irfan	0
Jehan Zeb Amin	0
Junaid Haji Zikar	0
M. Arshad Siddiqui	1
Malik Mirza	0
Muhammad Mahmood Marfatia	0
Muhammed Amin Bhimani	1
Raheel Abbas Rizvi	0
Sophia Ahmed	0



# Financial Statements



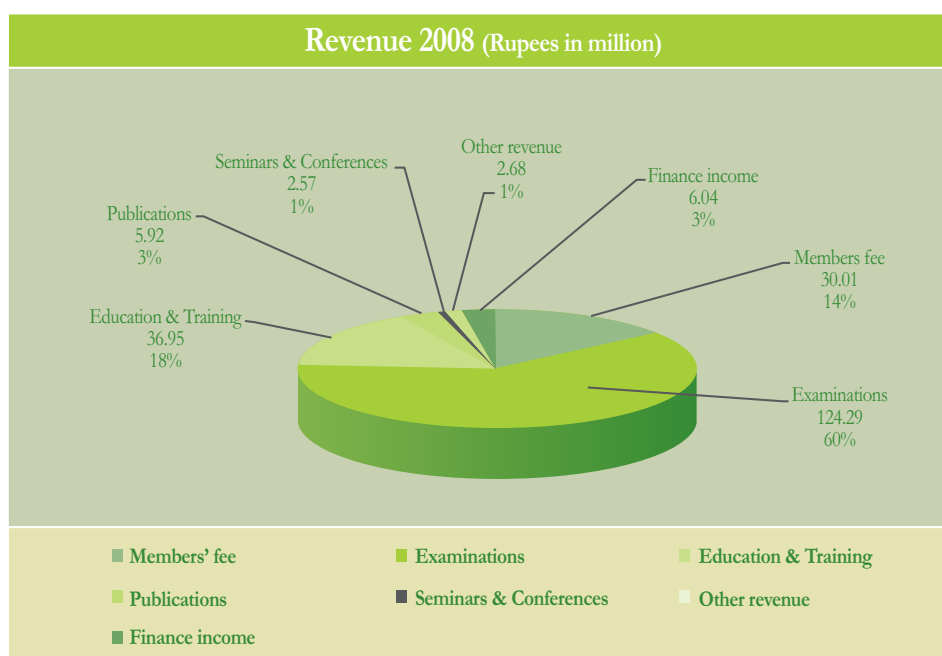
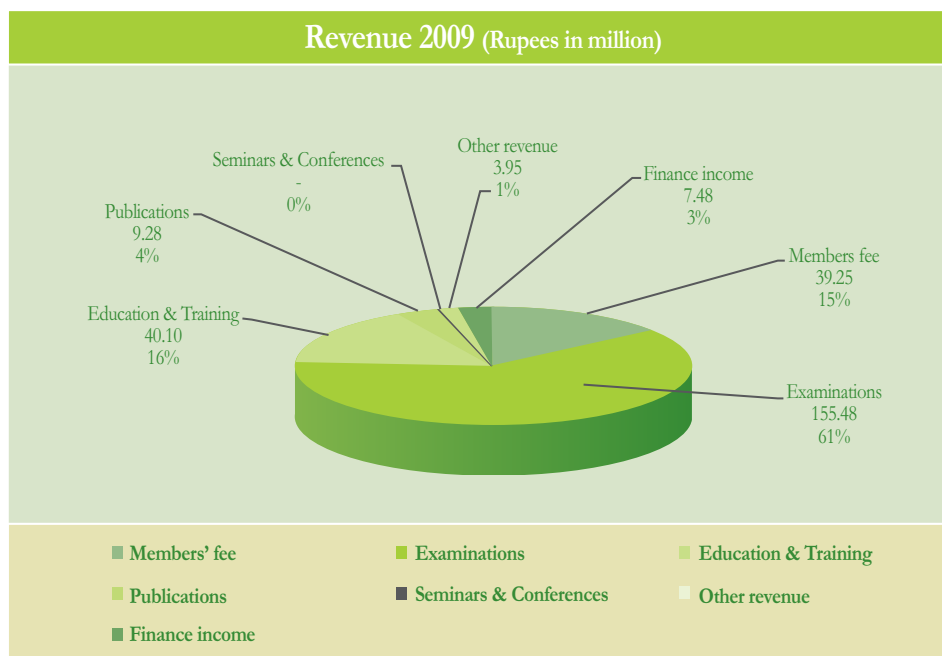


# Six Years Key Financial Highlights

	Rupees in million					
	2009	2008	2007	2006	2005	2004
<b>Income &amp; Expenditure</b>						
Revenue	255.5	208.5	166.9	121.0	84.1	82.2
Expenditure	234.6	192.8	141.3	104.3	82.9	66.7
Operating surplus	20.9	15.7	25.6	16.6	1.2	15.5
<b>Financial position</b>						
General fund	168.6	151.6	136.0	127.4	126.7	125.5
Building fund	16.0	16.0	16.0	16.0	-	-
Specific funds	4.2	3.9	3.7	3.6	3.4	2.7
Endowment funds	40.3	25.8	20.0	-	-	-
Property, plant and equipment	160.6	144.8	112.7	102.9	92.6	86.5
Long term assets	43.1	15.9	30.0	27.1	21.5	14.6
Current assets	87.9	94.0	70.8	41.9	35.6	43.8
Current liabilities	62.4	57.4	37.8	25.0	19.6	16.7
Net current assets	25.5	36.6	33.0	16.9	16.0	27.1
liquid funds(net)	10.7	22.4	13.7	10.0	5.4	5.6
<b>Cash flows</b>						
Operating activities	54.5	47.6	39.2	25.5	7.2	18.2
Investing activities	(59.3)	(48.9)	(41.3)	(15.6)	(31.0)	(10.0)
Changes in cash and cash equivalent	(4.8)	(1.3)	(2.1)	9.9	(23.8)	8.3
Cash & cash equivalent - Year end	17.7	22.4	23.7	25.8	15.9	39.7

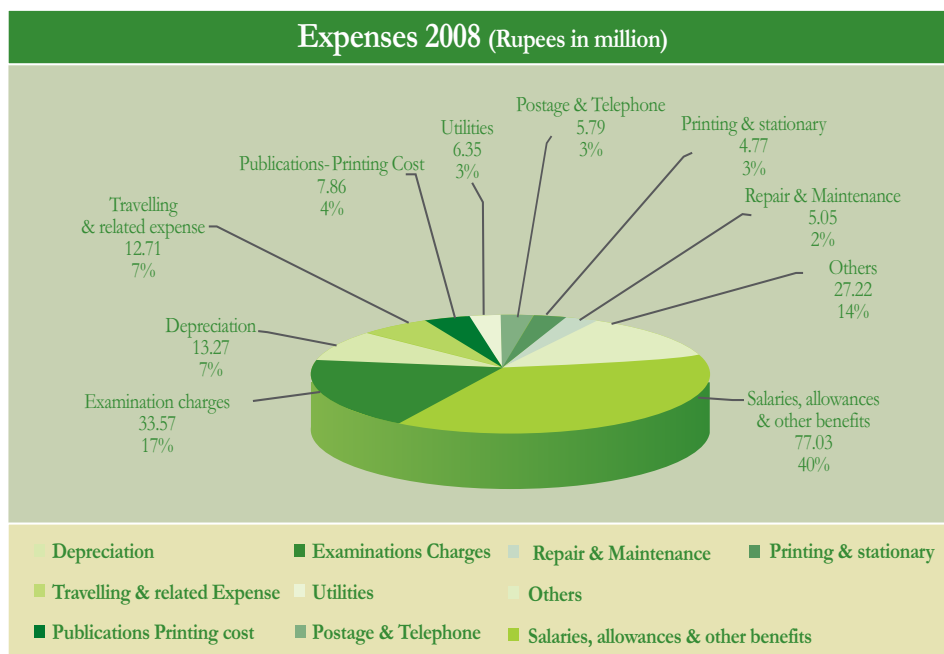
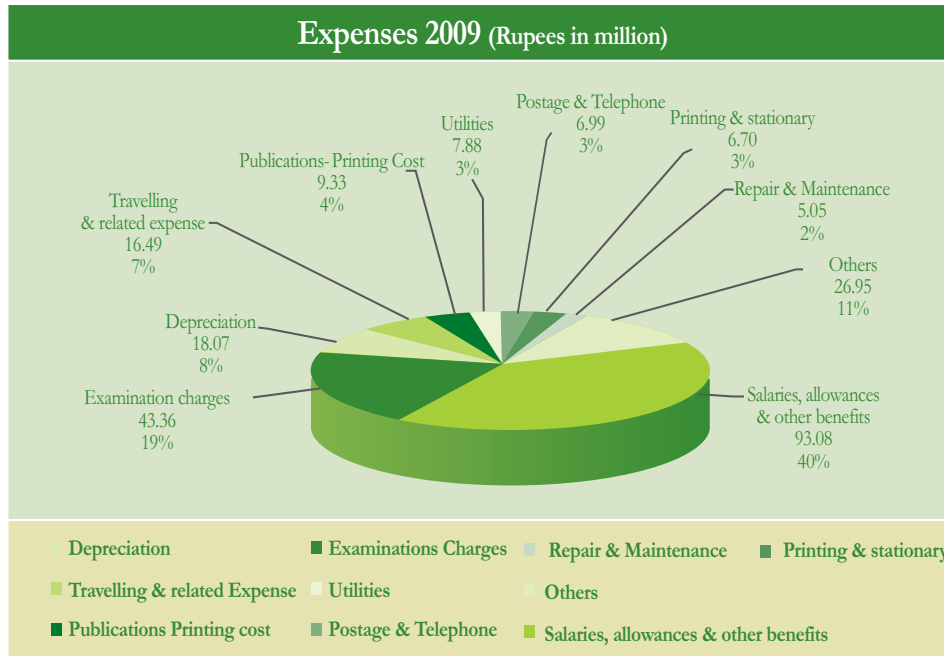


# Revenue ■■■





# Expenses ■■■





**Qasim E. Causer**  
**Chartered Accountant**  
2<sup>nd</sup> Floor, Block-C, Lakson Square Building No.1  
Sarwar Shaheed Road,  
Karachi - 74200

**Muhammad Afzal Munif**  
**Chartered Accountant**  
Business Executive Centre  
F/17/3, Block-8, Clifton  
Karachi - 75600

## 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, 2009 and the related income and expenditure account, cash flow statement and statement of changes in funds 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 accounts and are further in accordance with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Institute; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Institute;
- c) in our opinion and to the best of our information and according to the explanations given to us, the financial statements conform with approved accounting standards as applicable in Pakistan, and give a true and fair view of the state of the Institute's affairs as at June 30, 2009 and of the surplus, its cash flows and changes in funds for the year then ended.

The financial statements for the year ended June 30, 2008 were audited by Mr. Muhammad Afzal Munif, Chartered Accountant and Mr. Adnan Zaman, Chartered Accountant, who had expressed an unqualified opinion vide their report dated September 10, 2008.



Qasim E. Causer  
Chartered Accountant



Muhammad Afzal Munif  
Chartered Accountant

Karachi.  
September 04, 2009



# Balance Sheet ■■■■

As At June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	160,631,708	144,843,107
Capital work-in-progress	4	-	4,192,184
Intangible assets	5	1,078,314	864,045
Investments	6	10,008,274	-
Advances, loans and deposits	7	10,130,233	9,514,352
Assets relating to specific funds	8	1,056,697	1,354,920
Assets relating to endowment funds	9	20,794,253	-
		<b>203,699,479</b>	<b>160,768,608</b>
<b>CURRENT ASSETS</b>			
Stock of publications and souvenirs		1,731,635	911,682
Current portion of investments		-	7,720,090
Short-term investments	10	44,000,000	21,000,000
Assets relating to specific funds	11	3,178,873	2,564,292
Assets relating to endowment funds	12	19,545,883	25,781,295
Loans, advances, prepayments and other receivables	13	8,737,456	13,560,851
Cash and bank balances	14	10,664,369	22,446,654
		<b>87,858,216</b>	<b>93,984,864</b>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued and other liabilities	15	15,714,072	17,743,877
Advance fee and charges	16	44,458,122	38,877,898
Payable to benevolent fund	17	2,231,602	798,195
		<b>62,403,796</b>	<b>57,419,970</b>
<b>NET CURRENT ASSETS</b>			
		<b>25,454,420</b>	<b>36,564,894</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	18	-	-
		<b>229,153,899</b>	<b>197,333,502</b>
<b>FINANCED BY:</b>			
General fund		168,578,193	151,632,995
Building fund		16,000,000	16,000,000
Specific funds		4,235,570	3,919,212
Endowment funds		40,340,136	25,781,295
		<b>229,153,899</b>	<b>197,333,502</b>

The annexed notes 1 to 27 form an integral part of these financial statements



Executive Director



President



# Income and Expenditure Account ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
Revenue	19	248,067,040	202,421,582
Expenditure	20	233,883,612	192,450,973
<b>Operating surplus</b>		<b>14,183,428</b>	<b>9,970,609</b>
Loss on sale of operating fixed assets		(715,531)	(334,140)
<b>Surplus before finance income</b>		<b>13,467,897</b>	<b>9,636,469</b>
Finance income	21	7,477,301	6,038,234
<b>Balance carried forward to General fund</b>		<b>20,945,198</b>	<b>15,674,703</b>

The annexed notes 1 to 27 form an integral part of these financial statements



Executive Director



President



# Cash Flow Statement ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>Cash flows from operating activities</b>			
<b>Cash receipts from:</b>			
Membership		39,314,915	34,713,510
Examination		161,891,970	141,439,197
Training		38,259,200	38,374,900
Publication		8,952,710	6,116,359
Seminars and conferences		-	2,452,809
Facilities and miscellaneous		3,785,749	2,684,432
Donations for Student Endowment Fund		11,541,750	4,145,800
		263,746,294	229,927,007
<b>Cash paid to:</b>			
Employees		94,096,523	78,031,551
Benevolent Fund		2,140,108	295,705
Regional committees		47,039	484,083
Professional bodies		1,739,184	1,177,707
Property tax		799,233	5,087,565
Suppliers and vendors		110,413,139	97,216,699
		209,235,226	182,293,310
		54,511,068	47,633,697
<b>Cash flows from investing activities</b>			
Investment ICAP - net		(22,800,000)	2,700,000
Investment Endowment Fund		(15,676,000)	(24,145,800)
Fixed capital expenditure		(33,374,501)	(37,212,787)
Proceed from sale of operating fixed assets		2,300,492	797,814
Income received from investment		10,878,932	10,790,858
(Increase) in long term loans and deposits		(622,276)	(1,849,385)
		(59,293,353)	(48,919,300)
Net (decrease) in cash and cash equivalents		(4,782,285)	(1,285,603)
Cash and cash equivalents at the beginning of the year		22,446,654	23,732,257
Cash and cash equivalents at the end of the year	22	17,664,369	22,446,654

The annexed notes 1 to 27 form an integral part of these financial statements



Executive Director



President



For The Year Ended June 30, 2009

	General fund	Building fund	Specific funds				Endowment funds		Total
			Qarz e hasna fund	Prize fund	IFEL fund	Student's endowment fund	Libraries development fund		
Rupees									
Balance as at July 01, 2007	135,958,292	16,000,000	806,926	2,318,124	584,925	15,000,000	5,000,000	175,668,267	
Bank charges	-	-	-	(50)	-	-	-	(50)	
Gold medal expenditure	-	-	-	(86,358)	-	-	-	(86,358)	
Payable / (paid) to Institute	-	-	-	22,725	-	-	-	22,725	
Profit earned on investments	-	-	-	272,920	-	1,262,019	373,476	1,908,415	
Donations received	-	-	-	-	-	4,145,800	-	4,145,800	
Transferred from income and expenditure account	15,674,703	-	-	-	-	-	-	15,674,703	
<b>Balance as at June 30, 2008</b>	<b>151,632,995</b>	<b>16,000,000</b>	<b>806,926</b>	<b>2,527,361</b>	<b>584,925</b>	<b>20,407,819</b>	<b>5,373,476</b>	<b>197,333,502</b>	
Bank charges	-	-	(55)	-	-	-	-	(55)	
Disbursements to students	-	-	-	-	-	(4,248,050)	-	(4,248,050)	
Books for libraries	-	-	-	-	-	-	(166,288)	(166,288)	
Payable / (paid) to Institute	-	-	-	(22,726)	-	35,373	-	12,647	
Profit earned on investments	-	-	-	339,139	-	2,763,267	632,789	3,735,195	
Donations received	-	-	-	-	-	11,541,750	-	11,541,750	
Transferred to student endowment fund	(4,000,000)	-	-	-	-	4,000,000	-	-	
Transferred from income and expenditure account	20,945,198	-	-	-	-	-	-	20,945,198	
<b>Balance as at June 30, 2009</b>	<b>168,578,193</b>	<b>16,000,000</b>	<b>806,871</b>	<b>2,843,774</b>	<b>584,925</b>	<b>34,500,159</b>	<b>5,839,977</b>	<b>229,153,899</b>	

The annexed notes 1 to 27 form an integral part of these financial statements.

  
Executive Director

President



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## 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 note 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	January 1, 2009
IAS 23 - Borrowing Costs	January 1, 2009
IAS 27 - Consolidated and Separate Financial Statement	July 1, 2009
IFRS 2 - Share Based Payments	January 1, 2009
IFRS 3 - Business Combinations	July 1, 2009
IFRS 8 - Operating Segments	January 1, 2009
IFRS 4 - Insurance Contracts	January 1, 2009
IFRIC 15 - Agreements for the Construction of Real Estate	October 1, 2009

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 15.1)
- ii. Useful life of property, plant and equipment (note 3.2)



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## **e) Functional and presentation currency**

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Institute and rounded off to the nearest rupee.

## **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 asset has been in use.

Normal repairs and maintenance expenses are charged to revenue.

Gains or losses on disposal of property, plant and equipment are included in 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 are stated at lower of cost and net realizable value. Cost is determined on first-in first-out basis. However, cost of certain specified Institute's publications are charged to revenue.

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

## **2.7 Revenue recognition**

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



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

Fee / subscription receipts relating to periods beyond the current financial year are shown as advance fee.

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, 2009, using the Projected Unit Credit Method. However for the purpose of current year disclosure requirements, information in respect of note 15.1 to the financial statements are as per the actuary's report obtained during the year.

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.

## **2.9 Creditors, accrued and other liabilities**

Liabilities for creditor and other amounts payable are stated at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Institute.

## **2.10 Endowment Funds**

The Institute has established Students' Endowment and Libraries Development Endowment Funds to provide financial assistance to the deserving students and for development of ICAP libraries respectively. These Funds are governed by the rules approved by the Council. The contributions to the funds include transfers by ICAP from its surplus as well as amounts received from other organizations.

## **2.11 Foreign currencies translation**

Transactions denominated in foreign currencies are recorded, on initial recognition, in rupees by applying to the foreign currency amount the exchange 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.



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## 2.12 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.

## 2.13 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.

## 2.14 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.

## 2.15 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	2009 Rupees	2008 Rupees
Leasehold land - Preedy Street Karachi	3.1	18,233	18,233
Operating assets	3.2	160,613,475	144,824,874
		<u>160,631,708</u>	<u>144,843,107</u>

### 3.1 Leasehold land - Preedy Street Karachi

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



## 3.2 Operating assets

2009

Particulars	C o s t				Rate %	D e p r e c i a t i o n				Written down value as at 30-06-2009	
	As at 01-07-2008	Additions	Deletions	Transfers in/ (transfers out)		As at 30-06-2009	As at 01-07-2008	For the year	Adjustments		As at 30-06-2009
Owned											
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	81,919,082	7,127,664	-	(198,068)	88,848,678	5	20,667,664	2,388,062	-	23,055,726	65,792,952
Building on freehold land	15,509,702	540,458	-	(528,650)	15,521,510	5	4,867,428	309,510	-	5,176,938	10,344,572
	103,611,734	7,668,122	-	(726,718)	110,553,138		25,535,092	2,697,572	-	28,232,664	82,320,474
Plant and machinery											
Air conditioning plant	482,766	-	(482,766)	-	-	15	375,195	13,790	(388,985)	-	-
Generators	6,104,854	31,420	(251,354)	-	5,884,920	15	1,902,860	628,506	(178,205)	2,353,161	3,531,759
Electric fittings, air											
Conditioners and appliances	27,937,904	8,153,642	(1,254,806)	656,853	35,493,593	15	7,211,092	4,548,265	(1,054,012)	10,705,345	24,788,248
	34,525,524	8,185,062	(1,988,926)	656,853	41,378,513		9,489,147	5,190,561	(1,621,202)	13,058,506	28,320,007
Furniture and fixtures	20,667,456	2,032,646	(1,731,070)	(3,757)	20,965,275	10-20	6,164,868	2,327,734	(1,146,638)	7,345,964	13,619,311
Vehicles	23,554,126	9,545,450	(4,072,000)	-	29,027,576	20	7,710,452	3,734,007	(2,265,738)	9,178,721	19,848,855
Office equipment	21,413,087	9,443,688	(1,816,622)	73,622	29,113,775	15-33	10,047,494	4,120,471	(1,559,018)	12,608,947	16,504,828
Total rupees - 2009	203,771,927	36,874,968	(9,608,618)	-	231,038,277		58,947,053	18,070,345	(6,592,596)	70,424,802	160,613,475

**3.2.1** During the year various items of property, plant and equipment have been reclassified and depreciation for the year includes charge amounting to Rs.308,387 /- that relates to previous years.



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

2008

Particulars	C o s t			D e p r e c i a t i o n				Written down value as at 30-06-2008
	As at 01-07-2007	Additions	Deletions	As at 30-06-2008	Rate %	For the year	Adjustments	As at 30-06-2008
<b>Owned</b>								
<b>Land and building</b>								
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	2,787,415	-	61,251,418
Building on freehold land	11,092,663	4,417,039	-	15,509,702	5	437,206	-	10,642,274
	86,624,591	16,987,143	-	103,611,734		3,224,621	-	78,076,642
<b>Plant and machinery</b>								
Air conditioning plant	962,766	-	(480,000)	482,766	15	18,983	(434,390)	107,571
Generators	5,064,854	1,365,000	(325,000)	6,104,854	15	699,952	(288,669)	4,201,994
Electric fittings, air								
Conditioners and appliances	15,277,207	12,976,046	(315,349)	27,937,904	15	2,097,793	(276,519)	20,726,812
	21,304,827	14,341,046	(1,120,349)	34,525,524		2,816,728	(999,578)	25,036,377
Furniture and fixtures	15,431,789	7,147,430	(1,911,763)	20,667,456	10-20	1,173,631	(1,433,118)	14,502,588
Vehicles	19,004,895	5,069,456	(520,225)	23,554,126	20	3,117,878	(246,855)	15,843,674
Office equipment	21,851,741	3,044,162	(3,482,816)	21,413,087	15-33	2,880,064	(3,110,795)	11,365,593
<b>Total rupees - 2008</b>	<b>164,217,843</b>	<b>46,589,237</b>	<b>(7,035,153)</b>	<b>203,771,927</b>		<b>13,212,922</b>	<b>(5,790,346)</b>	<b>144,824,874</b>



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## 3.3 Statement of disposal of operating assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds/ disposal	Gain / (loss)	Mode of Disposal	Particular of purchaser
Computers and related equipment	922,220	887,501	34,719	-	-	Scrap sale	Ghazi Trading Corp. and Zeeqar Aluminum
Electrical fittings and air conditioners	1,737,572	1,457,138	280,434	-	-		
Furniture and fixtures	1,731,070	1,147,472	583,598	-	-		
Generators	251,354	178,205	73,149	-	-		
Office equipment	825,402	612,185	213,217	-	-		
	5,467,618	4,282,501	1,185,117	450,299	(734,818)		
Laptop	69,000	43,287	25,713	45,000	19,287	Insurance Claim	Premier Insurance Co. Ltd.
Vehicles	4,072,000	2,266,808	1,805,192	1,805,192	-	Sale as per Institute's policy on written down value	Employees and ex-employee
<b>Total rupees</b>	<b>9,608,618</b>	<b>6,592,596</b>	<b>3,016,022</b>	<b>2,300,491</b>	<b>(715,531)</b>		



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>4. Capital work-in-progress</b>			
Balance as on July 1		4,192,184	13,981,561
Cost incurred during the year		479,304	10,473,145
		<u>4,671,488</u>	<u>24,454,706</u>
Less: Transferred to operating assets	4.1	(4,671,488)	20,262,522
		<u>-</u>	<u>4,192,184</u>
<b>4.1</b>	This represents payments in respect of civil, electrical and furnishing work. During the year, the balance amounting to Rs. 4.67 million (2008: Rs 20.26 million) has been transferred to operating fixed assets.		
<b>5. Intangible assets</b>			
Computer software			
Cost as on July 1		2,206,561	1,459,495
Additions during the year		691,717	747,066
Write-off during the year		(1,065,298)	-
Cost as on June 30		<u>1,832,980</u>	<u>2,206,561</u>
Less : Amortization as on July 1		(1,342,516)	(1,236,014)
Adjustment during the year		1,043,385	-
Amortized during the year		(455,535)	(106,502)
Amortization as on June 30		<u>(754,666)</u>	<u>(1,342,516)</u>
		<u>1,078,314</u>	<u>864,045</u>
<b>6. Investments</b>			
Held to maturity			
Defence Saving Certificates		-	7,720,090
Less: Current portion of investments transferred to current assets		-	(7,720,090)
		<u>-</u>	<u>-</u>
Special Saving Certificates	6.1	10,008,274	-
		<u>10,008,274</u>	<u>-</u>

- 6.1** This represents investment in Special Saving Certificates having face value of Rs. 10 million (2008: Nil) for a term of 3 years. The investment carries profit at the rate of 15.10% per annum and is maturing on June 29, 2012.



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>7. Advances, loans and deposits</b>			
Vehicle loans (secured - considered good)	7.1	276,903	358,700
Less: Recoverable within one year shown under current assets		(98,053)	(174,372)
		178,850	184,328
Students' loans (unsecured - considered good)	7.2	9,209,942	9,361,978
Less : General provision for doubtful loans		(984,425)	(990,820)
		8,225,517	8,371,158
		8,404,367	8,555,486
Deposits		1,725,866	958,866
		10,130,233	9,514,352

**7.1** These are interest free motor cycle loans to employees recoverable within 2 to 5 years. Motor cycles provided under this scheme are registered in the joint names of the Institute and employees.

**7.2** These are Interest Free Education Loans (IFEL) to students recoverable on qualifying or securing employment. The scheme has been discontinued from January 22, 2008.

## **8 Assets relating to specific funds**

Prize fund			
Defence Saving Certificates - Held to maturity	8.1	886,591	1,132,793
Less: Current portion of investments transferred to current assets		(886,591)	(519,418)
		-	613,375
Special Saving Certificates - Held to maturity	8.2	327,152	-
		327,152	613,375
Qarz-e-hasna fund			
Loans to students		183,320	195,320
IFEL fund			
Loans to students		546,225	546,225
		1,056,697	1,354,920

**8.1** This represents investments in Defence Saving Certificates for a term of 10 years having face value of Rs. 210,000 (2008: Rs. 280,000). The investments carry effective profit of 15.983% per annum and are maturing upto December 2009.

**8.2** This represents investments in Special Saving Certificates for a term of 3 years having face value of Rs. 300,000 (2008: Nil). The investment carries profit at the rate of 17.388% per annum and is maturing in December, 2011.



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>9. Assets relating to endowment funds</b>			
Students' Endowment Fund			
Special Saving Certificates - Held to maturity	9.1	18,250,669	-
Libraries Development Fund			
Special Saving Certificates - Held to maturity	9.1	2,543,584	-
		<u>20,794,253</u>	<u>-</u>

- 9.1** This represents investments in Special Saving Certificates for a term of 3 years having face value of Rs.18.158 million (2008: Nil). The investment carries profit at the rate of 15.10% per annum and are maturing in June, 2012.

## **10. Short term investments**

This amount represents face value of investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates ranging between 12.90% to 14.00% (2008: 9.25% to 9.65% per annum).

## **11. Assets relating to specific funds**

Prize fund			
Current portion of long term investments		886,591	519,418
Short term investments	11.1	1,400,000	1,300,000
Accrued profit on short term investments		138,342	88,250
Balance with bank - PLS account		91,689	6,318
		<u>2,516,622</u>	<u>1,913,986</u>
Qarz-e-hasna fund			
Receivables from Institute of Chartered Accountants of Pakistan		18,050	-
Balance with bank - current account		605,501	611,606
		<u>623,551</u>	<u>611,606</u>
IFEL fund			
Balance with bank - current account		38,700	38,700
		<u>3,178,873</u>	<u>2,564,292</u>

- 11.1** This amount represents face value of investment in Term Deposit Receipts with a bank, carrying effective interest rate of 15.75 % per annum (2008: 9.85% per annum).



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>12. Assets relating to endowment funds</b>			
Students' Endowment Fund			
Short term investments	12.1	16,000,000	19,000,000
Receivables from Institute of Chartered Accountants of Pakistan		-	1,070,923
Accrued profit on short term investments		249,490	336,896
		16,249,490	20,407,819
Libraries Development Fund			
Short term investments	12.1	3,000,000	5,000,000
Receivables from Institute of Chartered Accountants of Pakistan		254,322	284,936
Accrued profit on short term investments		42,071	88,540
		3,296,393	5,373,476
		19,545,883	25,781,295
<b>12.1</b>	These amounts represent face value of investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates ranging from 13.00% to 13.70% per annum (2008: 9.00% and 9.65% per annum).		
<b>13. Loans, advances, prepayments and other receivables</b>			
Loans:			
Current portion of vehicle loans	7.1	98,053	174,372
Advances (considered good)			
Secured			
Staff	13.1	717,639	563,852
Unsecured			
Income tax		350,429	29,385
Others		3,027,862	3,278,464
		4,095,930	3,871,701
Prepayments		991,509	563,630
Other receivables (considered good)			
Accrued profit on short term investments		1,462,168	351,983
Advertisement revenue receivable		280,335	330,835
Accrued revenue Chartered Institute of Management Accountants		849,720	-
Receivable from South Asian Federation of Accountants		144,414	50,865
Receivable from Registered Accounting Education Tutors		44,000	7,352,400
Receivable on account of revenue from facilities		402,500	240,200
Others		368,827	624,865
		3,551,964	8,951,148
		8,737,456	13,560,851

**13.1** Staff advances are secured against the employees provident fund balances.



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>14 Cash and bank balances</b>			
Cash in hand		248,566	386,299
Cash at bank			
Current accounts		537,865	2,431,025
PLS accounts	14.1	9,877,938	19,629,330
		10,415,803	22,060,355
		10,664,369	22,446,654

**14.1** The above PLS bank accounts carry profit at the rate of 5% per annum (2008: 1% to 5% per annum).

## **15. Creditors, accrued and other liabilities**

Creditors		4,566,901	4,421,751
Accrued expenses			
Examination conducting charges		4,500,000	4,429,128
Bonus to employees		1,059,363	912,122
Architect fee		-	184,964
Others		991,723	462,215
		6,551,086	5,988,429
Retention money		1,905,613	2,951,434
Other liabilities			
Students' association		138,950	66,700
Regional committees			
South		397,944	366,323
North		282,100	360,760
		680,044	727,083
IASC Foundation royalty payable		408,340	883,144
Defined benefit plan - Gratuity fund	15.1	-	-
Others		1,463,138	2,705,336
		2,690,473	4,382,263
		15,714,072	17,743,877



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
15.1	This represents amount payable towards defined benefit plan (gratuity fund), estimated through actuarial valuation. The relevant information are as follows:		
The amount recognized in the balance sheet is as follows:			
Present value of defined benefit obligation		-	-
Movement in net liability recognized in the balance sheet is as follows:			
Opening balance		-	5,583,647
Charge for the year		2,888,006	3,146,056
Payment during the year		(2,888,006)	(8,729,703)
Closing balance		-	-
Amount recognized in the income and expenditure account is as follows:			
Current service cost		3,046,849	1,850,114
Interest cost		960,729	558,365
Expected return on plan assets		(960,729)	(558,365)
Actuarial (Gains) / losses recognized		(158,843)	1,295,942
		2,888,006	3,146,056
Actuarial assumptions for valuation:			
Discount rate		13%	12%
Salary increase rate		13%	12%
16.	Advance fee and charges		
Members		16,239,912	16,177,904
Examinations		28,089,210	20,832,494
Education and training		-	1,840,000
Others		129,000	27,500
		44,458,122	38,877,898



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>17. Benevolent fund</b>			
Balance as on July 1		798,195	1,093,900
Add: Subscription and group insurance premium received during the year		4,073,515	2,154,600
		<u>4,871,710</u>	<u>3,248,500</u>
Less: Transferred to benevolent fund / adjustments made during the year		2,640,108	2,450,305
		<u>2,231,602</u>	<u>798,195</u>

## 18. Contingencies and commitments

### 18.1 Contingencies

The Appellate Bench of the Competition Commission of Pakistan has passed an order dated March 11, 2009 in response to appeal filed by the Institute against an order dated December 4, 2008 of single member bench of the Commission. In both the orders it was contended that fixing of minimum fee through ATR-14 by the Institute is in violation of Section 4(1) of the Competition Ordinance, 2007 and imposed a penalty of Rs.1 million. The Institute has filed an appeal before the Honorable Supreme Court of Pakistan, which is pending for hearing and Honorable Supreme Court of Pakistan has in the meantime issued a stay order in this regard. Since the Council is confident that the outcome will be favourable, no accrual is made in the financial statements for the year ending June 30, 2009 relating to the penalty.

### 18.2 Commitments

Capital commitments outstanding amounted to nil (2008: Rs. 2 million).

## 19. Revenue

Members' fee	19.1	39,252,907	30,010,158
Examinations	19.2	155,484,975	124,287,573
Education and training	19.3	40,099,200	36,954,000
Publications	19.4	9,275,514	5,919,552
Seminars and conferences	19.5	-	2,565,867
Other revenue	19.6	3,954,444	2,684,432
		<u>248,067,040</u>	<u>202,421,582</u>

### 19.1 Members' fee

Admission fee	583,000	398,800
Annual subscription	34,104,607	25,664,558
Fees for certificates of practice	4,515,300	3,795,400
Others	50,000	151,400
	<u>39,252,907</u>	<u>30,010,158</u>



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>19.2 Examinations</b>			
Examination fee		127,730,166	102,589,660
Annual registration fee		14,250,297	9,820,081
Examination conducting		1,355,762	1,119,937
Entrance test exemption		7,884,350	7,250,770
Entrance test fee		3,894,900	3,280,600
Others		369,500	226,525
		<u>155,484,975</u>	<u>124,287,573</u>
<b>19.3 Education and training</b>			
Registration fee		38,419,200	28,763,800
Registered Accounting Education Tutors' fee		815,000	8,104,200
Others		865,000	86,000
		<u>40,099,200</u>	<u>36,954,000</u>
<b>19.4 Publications</b>			
Accounting standards		5,064,980	4,506,450
Auditing standards		1,271,800	849,600
Gripping IFRS		2,378,400	-
Others		560,334	563,502
		<u>9,275,514</u>	<u>5,919,552</u>
<b>19.5 Seminars and conferences</b>			
South Asian Federation of Accountants Conference		-	5,131,734
Less: Share of Institute of Cost and Management Accountants of Pakistan		-	(2,565,867)
		<u>-</u>	<u>2,565,867</u>
<b>19.6 Other revenue</b>			
Revenue from facilities		2,898,891	2,068,261
Exchange gain on foreign currency		354,960	152,973
Reversal of general provision for doubtful students loans		6,395	-
Miscellaneous income		694,198	463,198
		<u>3,954,444</u>	<u>2,684,432</u>



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>20. EXPENDITURE</b>			
Salaries, allowances and other benefits	20.1	93,081,504	77,031,081
Employees health insurance		1,162,260	1,065,163
Traveling and related expenses		16,489,596	12,713,858
Postage and telephone		6,992,957	5,793,106
Fees to professional bodies		1,739,184	1,177,707
Printing and stationery		6,696,163	4,766,578
Legal and professional		2,444,698	2,082,830
Consultancy charges		1,564,500	742,000
Rent, rates and taxes		3,315,493	6,830,565
Utilities		7,857,163	6,353,492
Election expense		2,255,999	-
Auditor's remuneration	20.2	292,632	276,925
Annual general meeting		649,098	746,981
Books and publications		305,881	491,993
Student exchange program		-	248,302
Conveyance		295,020	292,653
Entertainment		1,389,875	1,287,590
Bank charges		995,187	527,893
Insurance		841,714	773,149
Advertisements and exhibitions		2,535,187	2,769,203
Vehicles maintenance		3,529,679	2,379,496
Publication written off		75,978	236,503
Depreciation		18,066,947	13,212,922
Amortization of intangible assets		455,535	106,502
Intangible assets written off		21,913	-
Examination charges		43,362,220	33,566,411
Cost of gold medals and award ceremony		77,010	302,885
Entrance test conducting charges		58,800	56,350
Registered accounting education tutor's appraisal cost		148,411	303,110
Employees training expenses		628,059	704,027
Publications-printing cost		9,330,412	7,864,012
Repairs and maintenance		5,054,237	3,924,903
General provision for doubtful students loans		-	174,875
Seminar and conferences	20.3	164,698	2,377,828
Donations and contributions	20.4	500,000	112,853
Sundry expenses		1,505,602	1,157,227
		<u>233,883,612</u>	<u>192,450,973</u>



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
<b>20.1</b>	Following staff retirement benefits are included in the salaries, allowances and other benefits:		
	Defined benefit plan - Gratuity Fund	2,888,006	3,146,056
	Defined contribution plan - Provident Fund	4,859,518	3,845,723
	Defined contribution plan - Benevolent and Group Insurance Funds	440,466	405,230
		<u>8,187,990</u>	<u>7,397,009</u>
<b>20.2</b>	<b>Auditor's remuneration</b>		
	Audit fees		
	M. Afzal Muniff	125,000	125,000
	Qasim Ebrahim Causer	125,000	-
	Adnan Zaman	-	125,000
		<u>250,000</u>	<u>250,000</u>
	Out of pocket expenses	42,632	26,925
		<u>292,632</u>	<u>276,925</u>
<b>20.3</b>	<b>Seminars and conferences</b>		
	SAFA conference - 2008	-	4,118,536
	Less: share of ICMAP (50%)	-	(2,059,268)
		<u>-</u>	<u>2,059,268</u>
	CAPA conference - 2007	-	8,158
	Other seminars and workshops	164,698	310,402
		<u>164,698</u>	<u>2,377,828</u>
<b>20.4</b>	During the year an amount of Rs. 500,000 has been approved by the Council as special contribution to Institute of Chartered Accountants of Pakistan Benevolent Fund.		
<b>21.</b>	<b>Finance income</b>		
	Profit on Defence Saving Certificates	154,910	1,707,558
	Profit on Special Saving Certificates	8,274	-
	Profit on Term Deposit Receipts	6,370,553	3,789,143
	Profit on PLS accounts	943,564	541,533
		<u>7,477,301</u>	<u>6,038,234</u>
<b>22.</b>	<b>Cash and cash equivalents</b>		
	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	10,664,369	22,446,654
	Short term investments realizable within three months	7,000,000	-
		<u>17,664,369</u>	<u>22,446,654</u>



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## **23. Financial instruments and related disclosures**

### **23.1 Foreign currency risk**

Financial assets exposed to foreign exchange rate risk included in cash and bank balances amounted to Rs. 1.335 million (2008: Rs. 1.902 million).

### **23.2 Interest rate risk management**

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

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

### **23.3 Risk management**

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

### **23.4 Fair value of financial assets and liabilities**

The carrying value of financial assets and liabilities reflected in the financial statements approximate their fair values, except investments in Special / Defence Saving Certificates that are carried at amortized cost using the effective yield method amounted to Rs.10.008 million (2008: Rs.7.7 million) as against the fair value of Rs.10.000 million (2008 : Rs.6.4 million).



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

2009

## 23.5 Financial assets and liabilities

	Interest / mark-up bearing			Sub Total	Non-Interest / Non Mark-up bearing			Grand Total		
	Effective interest rate	Upto one month	Over one month to one year		Upto one month	Over one month to one year	Over one year		Sub Total	
Rupees										
<b>Financial assets</b>										
Advances, loans and deposits	-	-	-	-	-	-	-	10,130,233	10,130,233	
Investments	15.10%	-	-	10,008,274	10,008,274	-	-	-	10,008,274	
Assets relating to specific funds	15.75% - 15.98%	267,689	2,266,983	327,152	2,861,824	-	644,201	729,545	4,235,570	
Short term investments	12.9%-14.00%	-	44,000,000	-	44,000,000	-	-	-	44,000,000	
Assets relating to endowment funds	13% - 15%	-	19,291,561	20,794,253	40,085,814	-	254,322	-	40,340,136	
Loans, advances, pre payments & other receivables	-	-	-	-	-	178,290	4,884,908	-	5,063,198	
Cash and bank balances	5%	9,877,939	-	-	9,877,939	786,430	-	-	10,664,369	
		10,145,628	65,558,544	31,129,679	106,833,851	964,720	5,783,431	10,859,778	124,441,780	
<b>Financial liabilities</b>										
Creditors, accrued and other liabilities	-	-	-	-	-	10,877,618	4,836,454	-	15,714,072	
Benevolent fund	-	-	-	-	-	2,231,602	-	-	2,231,602	
		-	-	-	-	13,109,220	4,836,454	-	17,945,674	
<b>Net financial assets/(liabilities) - 2009</b>		<b>10,145,628</b>	<b>65,558,544</b>	<b>31,129,679</b>	<b>106,833,851</b>	<b>(12,144,500)</b>	<b>946,977</b>	<b>10,859,778</b>	<b>(337,745)</b>	<b>106,496,106</b>



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

2008

## 23.5 Financial assets and liabilities

	Interest / mark-up bearing				Sub Total	Non-Interest / Non Mark-up bearing				Grand Total
	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	Sub Total	
Rupees										
Financial assets										
Advances, loans and deposits	-	-	-	-	-	-	-	9,514,352	9,514,352	9,514,352
Investments	18%	-	7,720,090	-	7,720,090	-	-	-	-	7,720,090
Assets relating to specific funds	1% - 18%	376,818	1,537,168	613,375	2,527,361	-	650,306	741,545	1,391,851	3,919,212
Short term investments	9.25% -9.65%	-	21,000,000	-	21,000,000	-	-	-	-	21,000,000
Assets relating to endowment funds	9.00% -9.65%	-	24,425,436	-	24,425,436	-	1,355,859	-	1,355,859	25,781,295
Loans, advances, pre payments & other receivables	-	-	-	-	-	7,494,173	5,503,049	-	12,997,222	12,997,222
Cash and bank balances	1% - 5%	19,629,330	-	-	19,629,330	2,817,324	-	-	2,817,324	22,446,654
Financial liabilities										
Creditors, accrued and other liabilities	-	-	-	-	-	10,311,497	7,509,214	10,255,897	28,076,608	103,378,825
Benevolent fund	-	-	-	-	-	10,106,877	7,637,000	-	17,743,877	17,743,877
						798,195	-	-	798,195	798,195
						10,905,072	7,637,000	-	18,542,072	18,542,072
Net financial assets/(liabilities) - 2008		20,006,148	54,682,694	613,375	75,302,217	(593,575)	(127,786)	10,255,897	9,534,536	84,836,753



# Notes to the Financial Statements ■■■

For The Year Ended June 30, 2009

## 24. Number of employees

Total number of employees at the year end was 173 (2008: 170).

## 25. Movement between general and endowment funds

In the meeting held on August 15, 2009, the Council approved transfer amounting to Rs. 11 million (2008: Rs.4 million) from General Fund to Students' Endowment Fund.

## 26. Date of authorization for issue

The Council of the Institute authorized these financial statements for issue on August 15, 2009.

## 27. General and corresponding figures

Figures have been rounded off to the nearest rupee.

Comparative information has been re-arranged and re-classified, wherever necessary, for the purpose of comparison. Significant reclassification include the following:

### Creditors, accrued and other liabilities:

Rs. 38,877,898 has been reclassified from creditors accrued and other liabilities to advance fee and charges for the purposes of better presentation.



**Executive Director**



**President**