

About ICAP

The Institute of Chartered Accountants of Pakistan (ICAP or the Institute) was established as statutory body on July 1, 1961 under Chartered Accountants Ordinance, 1961 to regulate the profession of accountancy in the country.

ICAP is governed by the Council which consists of nineteen members. Fifteen members are elected from amongst the members for a period of four years. The remaining four of the Council members are nominated by the Government of Pakistan.

The region wise composition of the Council is as follows:

Elected	
Southern Region Zone A	8
Southern Region Zone B	1
Northern Region Zone A	5
Northern Region Zone B	1
Government nominees	4
Total	<u>19</u>

The Council is responsible for the formulation of strategic direction, approving policies and management of the affairs of the Institute in the interest of the profession and the public. It performs its functions with the support of a management team consisting of the Secretary, and key management personnel.



Our Vision

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

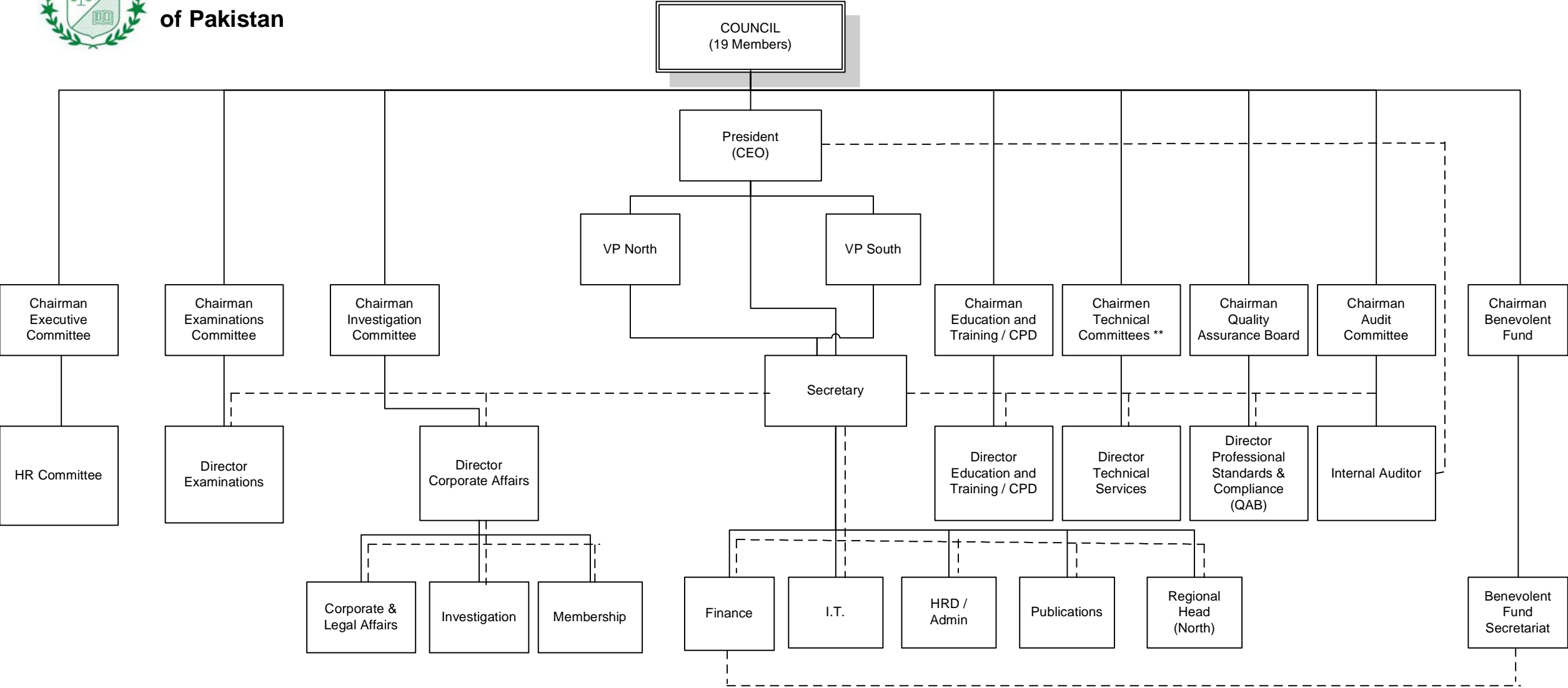
Our Mission

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.





**The Institute of Chartered Accountants
of Pakistan**



LEGENDS

- Functional Reporting
- Administrative Reporting

** Includes:

- Professional Standards and Technical Advisory Committee
 - Accounting Standards Committee
 - Auditing Standards Committee
 - Committee on Financial Sector
 - Technical Advisory Committee
- Committee on Accounting and Auditing Standards for Interest Free Modes of Financing and Investments
- Economic Advisory Committee
- Public Sector Committee
- Committee on Taxation

Council

President

Abdul Rahim Suriya, FCA

Vice Presidents

Mohammad Abdullah Yusuf, FCA
Pervez Muslim, FCA

Members

Adnan Zaman, FCA
Ahmad Saeed, FCA
Hafiz Mohammad Yousaf, FCA
Khalid Rahman, FCA
Nadeem Yousuf Adil, FCA
Naeem Akhtar Sheikh, FCA
Nazir Ahmad Chaudhri, FCA
Rafaqat Ullah Babar, FCA
Rashid Rahman Mir, FCA
Shaikh Saqib Masood, FCA
Yacoob Suttar, FCA
Zahid Iqbal Bhatti, FCA

Dr. Waqar Masood Khan (*Government Nominee*)
Secretary, Ministry of Textile Industry

Muhammad Ayub Khan Tarin (*Government Nominee*)
Additional Auditor General of Pakistan

Salman Ali Shaikh (*Government Nominee*)
Chairman, Securities & Exchange Commission of Pakistan

Sohail Ahmad (*Government Nominee*)
Chairman, Federal Board of Revenue



Profiles of the Council Members



ABDUL RAHIM SURIYA
President

Current placement & past experience

- Sole Proprietor under the name of A.R. Suriya & Co. Chartered Accountants.
- Visiting lecturer at business schools and trainer for courses on "Finance for Non-Finance Executives".
- Served at organizations of national and international repute in Pakistan including with a pharmaceutical company for 18 years holding diverse positions including 7 years experience as an Executive Director.

Education & professional association

- Bachelor of Commerce.
- Fellow member - The Institute of Chartered Accountants of Pakistan.
- Fellow member - Institute of Cost & Management Accountants of Pakistan.

Association with ICAP

- Council member of ICAP since 1997 and has served as a Vice President for the term 2001-02.
- Chairman of the Southern Regional Committee for the year 1995-96 and elected member 1993-97.
- Chairman Sub Committee - Best Annual Reports for the years 2005 to 2009.

International representation

- Represented the Institute as a member of the International Accounting Education Standards Board (IAESB) of the International Federation of Accountants (IFAC) (2002 to 2008).
- Represented the Institute at SAFA Assembly in 2010.

Profiles of the Council Members



MOHAMMAD ABDULLAH YUSUF
Vice President - North

Current placement & past experience

- ▶ Recently retired from the government services after having reached the highest position as Secretary General (Revenue Division) and Chairman Federal Board of Revenue.
- ▶ During his association with the Government, held various senior positions like Secretary Petroleum, Planning, Investment, Privatization and MD Baitulmal and Utility Stores Corporation.
- ▶ Practiced for 8 years in UK and Pakistan before joining the Government of Pakistan.

Education & professional association

- ▶ Bachelor of Commerce.
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan.
- ▶ Member - Institute of Chartered Accountants in England and Wales (ICAEW).

Association with ICAP

- ▶ Chairman of the Economic Advisory Committee and the Public Sector Committee.
- ▶ Member of the Executive Committee, Investigation Committee, Auditing Standards Committee and Overseas Co-ordination Committee.
- ▶ Director on the Board of the Pakistan Institute of Corporate Governance as the representative of ICAP.
- ▶ Served the Institute in the capacity of Council Member for 15 years as Government Nominee.
- ▶ Served on Standing and other committees as Member and Chairman.
- ▶ Served as a Technical Advisor at Public Sector Committee of IFAC.

International representation

- ▶ Representing ICAP as a Member of International Auditing & Assurance Standards Board (IAASB) of International Federation of Accountants (IFAC).
- ▶ Represented the Institute at SAFA Board in 2010.



PERVEZ MUSLIM
Vice President - South

Current placement & past experience

- ▶ Assurance Partner in Ernst & Young Ford Rhodes Sidat Hyder, a member firm of Ernst & Young Global Limited.
- ▶ Responsible for a portfolio of audit clients, comprising both local and multinational companies.
- ▶ Been in the profession for almost 25 years in Pakistan, Canada and the U.S.A.

Education & professional association

- ▶ Bachelor of Commerce.
- ▶ Bachelor of Commerce (Canada).
- ▶ Diploma in Public Accountancy (Canada).
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan.
- ▶ Member - Canadian Institute of Chartered Accountants.
- ▶ Member - The Institute of Chartered Accountants of Ontario, Canada.
- ▶ Member - American Institute of Certified Public Accountants.
- ▶ Member - New York State Society of Certified Public Accountants.

Association with ICAP

- ▶ Serving on the Council for the first time.
- ▶ Chairman of Examination Committee, Overseas Coordination Committee and Auditing Standards Committee.
- ▶ Member of the Executive Committee, Education & Training Committee, Human Resources Committee, Professional Standards & Technical Advisory Committee, etc.
- ▶ Prior to serving on the Council, served on the Southern Regional Committee of ICAP as its Chairman, Honorary Secretary and CPD Convener.
- ▶ Also, served as the Chairman of the Chartered Accountants Students Association (CASA) and on the Technical Advisory Committee.

International representation

- ▶ Representing ICAP as a Technical Advisor on the International Auditing & Assurance Board (IAASB) of International Federation of Accountants (IFAC).

Profiles of the Council Members



ADNAN ZAMAN

Current placement & past experience

- ▶ National Partner - Assurance Services of Avais Hyder Liaquat Noman Chartered Accountants.
- ▶ Been in the profession since 1986 and remained associated with Avais Siddiqi and Liaquat Zaman Chartered Accountants as partner.

Education & professional association

- ▶ Bachelor of Commerce.
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan.
- ▶ Member - Income Tax Bar Association, Karachi.

Association with ICAP

- ▶ Chairman of the Publications Committee.
- ▶ Member of the Education & Training Committee and Committee on Taxation.
- ▶ Served the Institute as member of the Quality Control Review Committee /Board, Taxation Committee, SMP Committee and as the Chairman SMP Taskforce.
- ▶ External auditor of the Institute for the years 2004-05 to 2007-08.



AHMAD SAEED

Current placement & past experience

- ▶ Director - Bearing Point Pakistan (Pvt) Limited.
- ▶ Remained associated with Pakistan Petroleum Limited, Taseer Hadi Khalid & Co and KPMG Peat Marwick Associates (Pvt) Limited.
- ▶ Founder President of the Information System Audit & Control Association (ISACA), Karachi Chapter.

Education & professional association

- ▶ Bachelor of Commerce.
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan.
- ▶ Member - Institute of Cost & Management Accountants of Pakistan.

Association with ICAP

- ▶ Chairman of the Education & Training Committee.
- ▶ Member of the Executive Committee, Examination Committee, Investigation Committee and Joint Committee of ICAP & ICMAP.
- ▶ Served the Institute as member of the Council for the term 2005-09 and as Vice President South for the year 2005-06.
- ▶ Also, served as the Chairman Southern Regional Committee & Committee on Professional Accountants in Business and as a member Southern Regional Committee, Publications and Continuing Professional Development Committee.

International representation

- ▶ Represented the Institute at SAFA meetings in 2010.

Profiles of the Council Members



HAFIZ MOHAMMAD YOUSAF

Current placement & past experience

- Partner and Country Leader Consulting of M. Yousuf Adil Saleem & Co. (Member firm of Deloitte Touche Tohmatsu).

Education & professional association

- Bachelor of Arts.
- Fellow member - The Institute of Chartered Accountants of Pakistan.
- Member - American Institute of Certified Public Accountants.
- Member - Canadian Institute of Chartered Accountants.
- Member - The Institute of Chartered Accountants of Ontario, Canada.
- Member - American Institute of Management Accountants.
- Member - The Institute of Internal Auditors - USA.
- Member - American Institute of Management Consultants.
- Member - Management Association of Pakistan.
- Fellow member - Pakistan Institute of Public Finance Accountants.
- Certified Director from PICG.

Association with ICAP

- Chairman of the Technical Advisory Committee, Executive Committee, Investigation Committee, Education and Training Committee, Professional Standards and Technical Advisory Committee and several Task Forces.

International representation

- Member of the Accounting and Auditing Standards Committee of SAFA.



KHALID RAHMAN

Current placement & past experience

- Managing Director and Chief Executive Officer - Pakistan Petroleum Limited.
- Member - Overseas Investors Chamber of Commerce and Industry's Executive Committee.
- Member of Board of Governors - National Management Foundation.
- Member of Board of Governors - Lahore University of Management Sciences.
- Member of Board of Directors - Pakistan Institute of Corporate Governance.
- Member of Board of Directors - Petroleum Institute of Pakistan and Production Companies Association.
- Remained Chief Financial Officer at the Bank of Credit and Commerce Hong Kong Limited (Asia Pacific) and Manager, Kidson Impey Chartered Accountants, England.

Education & professional association

- Bachelor of Commerce.
- Fellow member of the Institute of Chartered Accountants of Pakistan.
- Fellow member of Institute of Chartered Accountants in England and Wales (ICAEW).

Association with ICAP

- Member of the Executive Committee, Investigation Committee, Overseas Co-Ordination Committee and the Quality Assurance Board.
- Previously served the Institute as a member of Quality Assurance Board, as a contributor of article in the Pakistan Accountant and speaker at ICAP seminars.

Profiles of the Council Members



NAHEED YOUSUF ADIL

Current placement & past experience

- ▶ Partner - M.Yousuf Adil Saleem & Co., Chartered Accountants.
- ▶ Worked at Kidsons Impey (HLB), London, Hameed Chiragh London and has also been a Manager at M. Yousuf Adil Saleem & Co.

Education & professional association

- ▶ Bachelor of Commerce.
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan.
- ▶ Fellow Member - Association of Chartered Certified Accountants (ACCA) - UK.
- ▶ Member - Management Association of Pakistan, Income Tax Bar Association Karachi and Memon Professional Forum.

Association with ICAP

- ▶ Chairman - Joint Committee of ICAP and SBP.
- ▶ Member - Examinations Committee, Overseas Coordination Committee, Financial Sector Committee and Education & Training Committee.
- ▶ Served the Institute previously as an elected member of Southern Regional Committee for the term 2005-2009 as an Honorary Secretary, Chairman & Convener CPD and as coordinator CASA activities.
- ▶ Served as a member of the Financial Sector Committee, Accounting & Auditing Standards Committee, involved in the development & revision of Audit Practice Manual in 2000 and conducted training sessions for members.



NAEEM AKTHAR SHEIKH

Current placement & past experience

- ▶ Senior Partner - UHY Hassan Naeem & Co. Chartered Accountants.
- ▶ Served as a Senior Partner S.M. Masood & Co. Chartered Accountants and has been in Professional practice since 1990.
- ▶ Remained member of task force formed by the Government of Pakistan in respect of restructuring of FBR in 1989.

Education & professional association

- ▶ Bachelor of Commerce.
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan.

Association with ICAP

- ▶ Chairman - Continuing Professional Development Committee and Joint Committee of ICAP and FBR.
- ▶ Member- Audit Committee, Examination Committee, Education and Training Committee, Committee on Taxation, Executive Committee, Human Resource Committee and Building Committee North.
- ▶ Remained Chairman and member of the Northern Regional Committee of ICAP for eight years.
- ▶ Served as a member of Technical Advisory Committee & Task Force on Panel of Auditors.
- ▶ Remained Chairman of CPD Committee Lahore for two terms.

International representation

- ▶ Representing ICAP as a Technical Advisor on Developing Nation Committee of International Federation of Accountants (IFAC).

Profiles of the Council Members



NAZIR AHMAD CHAUDHRI

Current placement & past experience

- ▶ Partner in Nazir Chaudhri & Co. Chartered Accountants & Rao & Co. Chartered Accountants.
- ▶ Been in the professional practice since 1976.
- ▶ Founder trustee of Ghias Memorial Trust.

Education & professional association

- ▶ Bachelor of Science.
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan.
- ▶ Life member - Lahore Tax Bar.

Association with ICAP

- ▶ Chairman - Small & Medium Practices (SMP) Committee and Committee on employment matters.
- ▶ Member of the Investigation Committee and ICAP Employees Provident Fund.
- ▶ Previously served the Institute as a Member and Secretary of Regional Committee - Central Region, as a member of Education & Training Committee, Accounting & Auditing Standards Committee (North), Small & Medium Practices (SMP) Committee and other Task Forces.



RAFAQAT ULLAH BABAR

Current placement & past experience

- ▶ Senior Partner - Rafaqat Babar & Co.
- ▶ Been in the professional practice for over 20 years.

Education & professional association

- ▶ Bachelor of Science.
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan.

Association with ICAP

- ▶ Member of the Executive Committee, Examinations Committee, Education and Training Committee.
- ▶ Member of Task Force constituted by CAPA to review the CAPA Governance & Policies.
- ▶ Past Council Member of the Institute & served on various committees.

Profiles of the Council Members



RASHID RAHMAN MIR

Current placement & past experience

- ▶ Founder Partner of Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants (RSRIR), a member firm of Russell Bedford International.
- ▶ Remained associated with education as a visiting faculty member for MBA and as an examiner for professional institutions.

Education & professional association

- ▶ Bachelor of Commerce
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan
- ▶ Fellow Member - Institute of Cost & Management Accountants of Pakistan
- ▶ Fellow Member - Pakistan Institute of Public Finance and Accountants
- ▶ Member - BOG of the Pakistan Institute of Public Finance and Accountants since 2007 and has recently been elevated as Vice President of the Institution.
- ▶ Also elected as President of Lahore Tax Bar Association for the term 2004-05 and Senior Vice President of Pakistan Tax Bar Association for the term 2005-07.

Association with ICAP

- ▶ Chairman - Accounting Standards Committee since 2007 and Vice Chairman of the Quality Assurance Board.
- ▶ Member of Executive Committee, Examination Committee, Education and Training Committee, Investigation Committee, Professional Standards and Technical Advisory Committee and Coordination Committee of ICAP and SECP.
- ▶ Served the Institute as a member of the Council 2005-09 and was elected as Vice President for the term 2008-09.
- ▶ Previously served as a member of various other committees of ICAP including Investigation Committee, Accounting & Auditing Standards Committee and as Chairman of Education & Training Committee and CPD Committee.



SHAIKH SAQIB MASOOD

Current placement & past experience

- ▶ Partner - Head of Taxation and Corporate Advisory services of KPMG Taseer Hadi & Co. Chartered Accountants.
- ▶ Head of Tax - KPMG Middle East & South Asia (MESA).
- ▶ Possesses 25 years experience of Auditing and Practicing in Tax laws including 15 years as Partner in KPMG Taseer Hadi & Co.
- ▶ Also been the President of the Income Tax Bar Association and remained member of Board of Governors of PIPFA for the term (2005-2009).

Education & professional association

- ▶ Bachelor of Commerce
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan

Association with ICAP

- ▶ Chairman of the Committee on Financial Sector, Committee on Taxation and Task force for acquisition of land.
- ▶ Member of Executive Committee, Examination Committee, Professional Standards and Technical Advisory Committee, Committee on Taxation, Joint Committee of ICAP and FBR, Joint Committee of ICAP and SBP, Committee for Quality Control on Tax Audit and a number of task forces.
- ▶ Been a Member of the past Council of ICAP and served as its Vice President and as Chairman Examination Committee, Chairman Taxation Committee, Chairman Technical Advisory Committee and Chairman Financial Sector Committee.

International representation

- ▶ Represented the Institute at SAFA meetings in 2010.

Profiles of the Council Members



YACOOB SUTTAR

Current placement & past experience

- ▶ Executive Director, Finance & IT - Pakistan State Oil.
- ▶ Been a Finance Controller of a large Saudi Company in Saudi Arabia.
- ▶ Worked for Engro Chemicals Pakistan Ltd for 16.5 years at various facets
- ▶ Also associated with Unilever Pakistan Ltd.

Education & professional association

- ▶ Bachelor of Commerce
- ▶ Fellow member - The Institute of Chartered Accountants of Pakistan
- ▶ Fellow member - Institute of Cost and Management Accountants of Pakistan.

Association with ICAP

- ▶ Chairman of Committee on Professional Accountants in Business.
- ▶ Member of Audit Committee, Professional Standards and Technical Advisory Committee, Continuing Professional Development Committee and Joint Committee of ICAP & ICMAP.
- ▶ Previously served the Institute as a member of Professional Accountant in Business Committee (PAIB), Technical Advisory Committee, Quality Assurance Board and various other sub-committees.



ZAHID IQBAL BHATTI

Current placement & past experience

- ▶ Partner, Assurance and Advisory Services - A.F. Ferguson & Co., Chartered Accountants
- ▶ Completed training as a student accountant and later on served as a qualified senior with a firm of Chartered Accountants in England

Education & professional association

- ▶ Bachelor of Commerce
- ▶ Fellow Member - The Institute of Chartered Accountants of Pakistan
- ▶ Associate Member - Institute of Chartered Accountants in England and Wales (ICAEW).
- ▶ Member - Management Association of Pakistan.

Association with ICAP

- ▶ Chairman of the Professional Standards and Technical Advisory Committee
- ▶ Member of the Executive Committee, Examination Committee, Investigation Committee, Quality Assurance Board, Coordination Committee of ICAP and SECP, Joint Committee of ICAP and SBP, Committee on Accounting and Auditing Standards for Interest Free Modes of Financing and various tasks forces.
- ▶ Remained member of the Southern Regional Committee for two consecutive terms 2001-05 and 2005-09 and served as its Chairman for the years 2003-04 and 2007-08

International representation

- ▶ Representing ICAP as a Technical Advisor to a Member of the Board of International Federation of Accountants (IFAC Board).
- ▶ ICAP's representative to the Asian Oceanian Standards - Setters Group.

Profiles of the Council Members



DR. WAQAR MASOOD KHAN

Current placement & past experience

- ▶ Currently serving as Secretary Textile Industry to the Government of Pakistan.
- ▶ Served on various important positions as follows:
 - ◆ Finance Secretary to the Government of Pakistan.
 - ◆ Special Secretary to the Prime Minister - Prime Minister's Secretariat, Islamabad.
 - ◆ Secretary, Economic Affairs Division - Government of Pakistan.
 - ◆ Additional Finance Secretary (Policy), Finance Division Government of Pakistan.
 - ◆ Vice President (Administration, Finance & Planning) International Islamic University, Islamabad
 - ◆ Additional Secretary, Establishment Division - Government of Pakistan.
 - ◆ Additional Secretary, Prime Minister's Secretariat.
 - ◆ Chief Economist / Executive Vice President / Secretary (Acting) to the Board of Directors, Bankers Equity Ltd. Pakistan.
 - ◆ Director General, Board of Investment, Prime Minister's Secretariat.
 - ◆ Assistant Professor, Boston College - Boston Massachusetts.

Education & professional association

- ▶ M.A. Political Economy - Boston University
- ▶ Ph. D Economics - Boston Massachusetts
- ▶ M.A. Economics
- ▶ LLB



MOHAMMAD AYUB KHAN TARIN

Current placement & past experience

- ▶ Senior government official belonging to the Pakistan Audit & Accounts Service, working as Additional Auditor General-I, Office of the Auditor General of Pakistan.
- ▶ Possesses 33 years experience in the fields of Financial Management, Budgeting, Accounting and Auditing.
- ▶ Fulfilled important assignments mainly Additional Finance Secretary Budget, in the Ministry of Finance and Accountant General Pakistan Revenues-Islamabad.

Education & professional association

- ▶ MBA from Western Michigan University, USA
- ▶ Attended advance course in development and administration at National Institute of Public Administration (NIPA), Lahore
- ▶ Attended Executive Leadership Development Program at the Kennedy School of Government, Harvard University, USA.
- ▶ Council member of Institute of Cost & Management Accountants of Pakistan.

Profiles of the Council Members



SALMAN ALI SHAIKH

Current placement & past experience

- ▶ Chairman -Securities and Exchange Commission of Pakistan.
- ▶ Serving on various focused groups and task forces with the Government of Pakistan, other regulatory agencies (State Bank of Pakistan, Federal Board of Revenue and the Competition Commission), and also internationally (International Organization of Securities Commissions and the International Organization of Pensions Supervisors).
- ▶ Has an extensive experience spanning over 32 years, mainly in banking and finance.
- ▶ Worked as a senior emerging markets banker with expertise in large-scale debt recovery/remedial banking, insolvency reforms, financial sector restructuring and regulatory/legal reforms.
- ▶ Been a part of senior management team of Citibank N.A, Pakistan, Habib Bank Limited and was also the Managing Director of an investment bank.
- ▶ Also headed a committee constituted by the Government of Pakistan to review and finalize the draft Corporate Rehabilitation Act

Education

- ▶ Bachelor of Arts
- ▶ B.SC (Honors) in History & Economics



SOHAIL AHMAD

Current placement & past experience

- ▶ Chairman - Federal Board of Revenue & Secretary General, Revenue Division.
- ▶ Worked as Deputy Commissioner in 1979, in NWFP and Punjab
- ▶ Also served as Member (Admn), CDA and Joint Secretary in Establishment Division.
- ▶ Joined the 1979 Batch of Civil Services in the District Management Group (DMG).
- ▶ Served as:
 - ◆ Secretary Finance, Government of Punjab
 - ◆ Secretary Planning & Development Government of Punjab
 - ◆ Secretary Health, Government of Punjab
 - ◆ CEO, Family Planning Association of Pakistan (FPAP)
 - ◆ Joint Secretary Establishment Division Government of Pakistan
 - ◆ Member (Administration) Capital Development Authority
- ▶ Also served as a Member Directing Staff / Chief Instructor at National Management College (NMC) and Advance Management Course.
- ▶ Taught at Government College, Rawalpindi before joining the Services.

Education

- ▶ Masters in English Literature from Punjab University
- ▶ Masters in Public Management from Carnegie - Mennol University, Pittsburg PA: USA.

Southern Regional Committee

Chairman

Syed Najmul Hussain, FCA

Honorary Secretary

Saad Kaliya, FCA

Members

Adnan Ahmad Mufti, FCA
Khalilullah Shaikh, ACA
Riaz A. Rehman Chamdia, FCA

Northern Regional Committee

Chairman

Shibli Islam Rehan, FCA

Honorary Secretary

Mohammad Ali Latif, ACA

Members

Faisal Iqbal Khawaja, FCA
Irfan Ilyas, FCA
Muhammad Awais, FCA
Saifullah, ACA

Audit Committee

Chairman

Abdul Husain A. Basrai

Members

Khursheed Kotwal
Moin Mohajir
Naeem Akhtar Sheikh
Yacoob Suttar

Quality Assurance Board

Chairman

Zafar Iqbal Sobani

Vice Chairman

Rashid Rahman Mir

Members

Abbas
Amir Jamil Abbasi
Fuad Azim Hashimi
Huma Pasha
Kamran Y. Mirza
Muhammad Tufail Salariya
Noman Ahmed Qureshi
Riaz A. Rehman
Shahid Nasim
Syed Shahid Hussain
Zahid Iqbal Bhatti

External Auditors

Qasim E. Causer
Chartered Accountant

M. Afzal Munif
Chartered Accountant

Bankers

Faysal Bank Limited
MCB Bank Limited
Bank Al Habib Limited
Habib Bank Limited
National Bank of Pakistan

Legal Advisors

Faisal Kamal & Arshad Hussain, Advocates
Bawaney & Partners
Mansoor Ahmad Khan & Company
Ghani Law Associates

Past Presidents

Year	Name
1961-1962	S. Osman Ali
1962-1963	M. Ahmad
1963-1966	M. Aslam
1966-1969	Vaqar Ahmed
1969-1970	A. Rab
1970-1972	V. A. Jafarey
1972-1973	M. Yakub
1973-1975	Ejaz Ahmed Naik
1975-1978	Abdur Raouf Shaikh
1979	Aftab Ahmed Khan
1979-1983	H. U. Beg
1983-1986	Irtiza Husain
1986-1988	Ebrahim S. H. Dahodwala
1988-1989	M. Afzal Munif
1989-1991	Ebrahim Sidat
1991-1992	Abdul Hameed Chaudhri
1992-1993	Khalid Rafi
1993-1994	Muhammad Yousuf Adil
1994-1996	Syed Masoud Ali Naqvi
1996-1997	Sajjad Ahmad
1997-1998	Ahmed Dawood Patel
1998-1999	Najam I. Chaudhri
1999-2000	Shaukat Amin Shah
2000-2001	Pir Mohammed A. Kaliya
2001-2002	A. Husain A. Basrai
2002-2003	Khaliq-ur-Rahman
2003-2004	Mujahid Eshai
2004-2005	Zafar Iqbal Sobani
2005-2006	Syed Mohammad Shabbar Zaidi
2006-2007	Nasimuddin Hyder
2007-2008	Imran Afzal
2008-2009	Syed Asad Ali Shah

Directorate



Executive Director (Officiating)
and Director Examinations
Syed Masood Akhtar, FCA



Head of IT
Mohammad Faheemuddin Siddiqui
CRISC



Secretary
Shoaib Ahmed, ACA



Head of Finance
Kamran Ahmed, ACA



Director
Education, Training and CPD
Omair Jamal, FCA



Head of HR & Administration
Khaled Nadeem



Director
Professional Standards Compliance
& Evaluation and
Technical Services (Officiating)
Shahid Hussain, FCA



Regional Head (North)
Badia Raza



Head of Internal Audit
Tahera Arshad, ACA



Regional Administrator (Islamabad)
Uzma Hayat, ACA



Adviser Publications
Rana Mustansir

ICAP Offices

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E-mail: info@icap.org.pk

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E-mail: lahore@icap.org.pk

Islamabad Office

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Phone: (92-51) 9266196, 9106092-93 UAN: 111000422
Fax: (92-51) 9266052 E-mail: islamabad@icap.org.pk

Faisalabad Office

36-Z, Commercial Centre, Madina Town, Faisalabad.
Phone: (92-41) 8531028 Fax: (92-41) 8503227
E-mail: faisalabad@icap.org.pk

Multan Office

1st Floor, Al-Rehmat Building, LMQ Road, Multan.
Phone: (92-61) 9201211, 9201299 Fax: (92-61) 4783978
E-mail: multan@icap.org.pk

Peshawar Office

72-Defence Officers Colony, Street No. 2, Khyber Road, Peshawar.
Phone: (92-91) 5254337 Fax: (92-91) 5354338
E-mail: peshawar@icap.org.pk

Notice of the Annual General Meeting

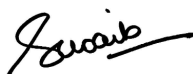
The 49th Annual General meeting of the Institute of Chartered Accountants of Pakistan will be held on Tuesday, 10 August, 2010 at 6:00 p.m. at ICAP House, Karachi.

AGENDA

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

1. Confirmation of the minutes of the 48th Annual General Meeting.
2. Consideration and adoption of the Report of the Council and the Financial Statements of the Institute with Auditors' Report thereon for the year ended June 30, 2010.
3. Appointment of auditors for the year ending June 30, 2011.
4. Any other business with the permission of the Chair.

Video conferencing arrangements have also been made at our ICAP Lahore and Islamabad offices for the convenience of the members to attend the meeting.



Shoaib Ahmed
Secretary

Karachi, July 24, 2010

رَبِّ ارْحَمْهُمْ كَمَا كَرَّمْتَنِي صَغِيرًا ۝

My Lord! bestow on them thy Mercy
even as they cherished me in childhood.
(Ref. 17:24)

President's Review



I am pleased to welcome you to the 49th Annual General Meeting of the Institute of Chartered Accountants of Pakistan and take great pleasure in presenting to you the Annual Report of the Institute for the year ended June 30, 2010.

In my first Council speech, while taking over as the President of the Institute, I discussed about a number of initiatives ICAP needed to take. I would like to revisit some of these as follows:

- need to review the education and examination policies;
- meeting the training needs of our members, both in practice and industry, by arranging high level training programs and conferences;
- strengthening governance and improving communication both vertically and horizontally at the Institute;

- improving interaction with members, particularly overseas members;
- maintaining close contacts with IFAC and other international bodies and ensuring compliance with their pronouncements to ensure that the Institute and its members continue to maintain high professional standards, resulting in recognition of our qualification by other renowned Institutes of the developed countries like Canada, Australia, etc.;
- establishing close coordination with SECP, FBR and SBP; and
- developing a monitoring mechanism for Tax Audits.

With the help of my fellow Council members, cooperation of the Secretariat, commitment of executives, outcome of the "Meet Your Representative" programs in various cities, results of focused group discussions and web based surveys, coupled with the encouragement and feedback from our members, we have made substantial, noticeable and sizeable progress in achieving the above objectives and have succeeded in executing most of the tasks needed to achieve the said objectives. The details of what we had set out to achieve and what has been achieved to-date are given in the enclosed Council's report.

It would not be fair if I do not discuss the critical success factors responsible for our achievements. The manner in which your new Council worked and co-ordinated together is the first such factor which I would like to recognize. The entire Council worked as

a team with necessary vigor, zeal and enthusiasm. It constantly reflected its deep rooted desire to contribute, always appeared inclined to do so with a sense of commitment and never failed to work hard with all the devotion in the world. These factors were certainly a recipe for success. I would, therefore, like to place on record my most sincere appreciation to the Council for its efforts, devotion and commitment.

The Secretariat, on the other hand, comprising, Secretary, Senior Director, Directors, Senior Managers, Managers and all staff down to the ground level did not lag behind and toed the line of the Council. It provided necessary support and helping hand to me, and to the Council, in running the affairs at the macro level while playing effectively its due role of running the day to day activities of the Institute. If it was not for the sheer hard work, deep devotion and substantial energy of the Secretariat, the Council and I would not have succeeded in delivering goods to the members. For this, I am grateful to the entire Secretariat and am indebted to them for their excellent support.

I would also attribute our success to the encouragement and valuable feedback from our membership, which went a long way in providing necessary guidance to me and the Council. The continued support and never ending well wishes of the entire membership gave me enough strength and courage to make some challenging and crucial decisions, which I regarded to be in the best interest of the Institute, and deterred me from slowing down. At times when I found myself a bit unsure about certain important decisions, the unwavering support of the members led me in making the right decisions and provided necessary impetus. I am, therefore, extremely thankful to the members for their support, guidance and encouragement without which I don't think I could have operated as well as I thought I did. In a nut shell, let me say that the steps taken by the Council are leading towards making the Institute of Chartered Accountants of Pakistan a vibrant and a leading Institute of professional accountants, known for excellence in accounting, finance and leadership quality; an active participant in the activities of IFAC and its Boards, providing useful and practical technical support on their projects and issues, and a role model for institutional governance and transparency.

I take great pride in saying that we did most of what we had set out to do. Our journey does not end here. This is just the beginning, as our mandate from membership is for four years. There are numerous

other important issues that need to be dealt with. And I know for a fact that your Council is fully cognizant of its responsibilities and has the potential to deal with such issues.

Finally, I would like to extend my most sincere gratitude to the two Vice Presidents, Mr. Abdullah Yusuf, Vice President, North, and Mr. Pervez Muslim, Vice President, South; without their continued assistance I could not have completed the tasks entrusted upon me by the Council.

I wish the Institute of Chartered Accountants of Pakistan a prosperous future in serving its members and the country.



Abdul Rahim Suriya
President ICAP

Karachi, July 20, 2010



Council's Report

The Council of the Institute of Chartered Accountants of Pakistan is pleased to present its annual report together with the audited financial statements of the Institute for the year ended June 30, 2010.

Your Council soon after taking charge in September 2009, held focused sessions to determine the goals of the Council for the next four years. The Council obtained members' feedback and ideas using various means including nationwide Meet Your Representative Sessions, web based surveys, focused group sessions, etc. After considering the valuable ideas floated by the honourable members, the Council has charted a long term plan which places foremost importance on the following matters:

- ▶ Reviewing education and examination policies.
- ▶ Accelerating our efforts towards mutual recognition with renowned Institutes internationally.
- ▶ Further strengthening governance and transparency.
- ▶ Bringing further improvement in services to members.
- ▶ Encouraging active engagement of the members with their Institute.

The Report of the Council includes matters relating to major plans implemented and those in progress so that members are fully apprised of the manner in which their Council is moving ahead in the best interest of the Institute.

Education & Examination Polices

Education and Training

Revisiting the Education and Training Programme of ICAP

The Education and Training Committee initiated the process of revisiting the education and training scheme of the Institute. The following areas were specifically considered by the Committee:

- ▶ Curriculum and syllabus.
- ▶ Entry requirements.
- ▶ Standard of PPT.
- ▶ Role of RAETs.
- ▶ Exemptions and equivalencies.
- ▶ Industrial training.
- ▶ Duration of training period.



In addition to seeking input from the members of the Committee who have diverse experience in education, practice, industry, business and the public sectors, the Committee also sought input from other stakeholders of the Institute who have been through the system and can appreciate its strengths and weaknesses. Such input was obtained through:

- ◆ web based online survey of members; and
- ◆ focused group sessions with students, RAETs and MRTs.

The Committee has recently formalised its recommendations for the consideration and approval of the Council.

Students' Endowment Fund

The Students' Endowment Fund is a beacon of hope for deserving young students who require support to finance their education expenses to enable them to work towards

achieving the CA qualification. In the year 2009-10 the Institute spent Rs. 5 million towards supporting 244 students through payment of their tuition fees.

Presentation Skills Competition

To excel in one's professional life, technical and soft skills go hand in hand. ICAP's soft skills competitions aim to encourage the students in developing these skills for their professional development.

As in the past, the Institute had organised a Presentation Skills Competition in October 2009 for its trainee students. A Debate and Writing Skills Competition is expected to be held during the quarter ending September 2010 for students from the Full-Time Stream.

The names of the first three position holders in the Presentation Skills Competition are given below:

City	Position	Name	Training Organization
Karachi (Total number of participants = 15)			
	Winner	Muhammad Sarim Irfan	A.F. Ferguson & Co.
	1st Runner up	Faisal Zawwar	Ernst & Young Ford Rhodes Sidat Hyder
	2nd Runner up	Asim Bashir Khan	A.F. Ferguson & Co.
Islamabad (Total number of participants = 12)			
	Winner	Riffat Khattak	A.F. Ferguson & Co.
	1st Runner up	Atiq-ur-Rehman	Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq
	2nd Runner up	Zafar Saleem Abdi	M. Yousuf Adil Saleem & Co.
Lahore (Total number of participants = 13)			
	Winner	Fazal-e-Abbas	A.F. Ferguson & Co.
	1st Runner up	Saqib Riaz	Ahmed Junaid & Co.
	2nd Runner up	Noor Shuja	KPMG Taseer Hadi & Co.



Karachi



Islamabad



Lahore

Career Counselling Sessions

The Institute is considering the setting up of a career counselling desk at its premises to enable students to seek guidance for considering chartered accountancy as a 'career choice'. It is expected that senior chartered accountants would volunteer as 'career counsellors' for this purpose.

During the year 2009-10, the ICAP's Education Department has conducted 69 career counselling sessions at different schools and colleges, and participated in two education expos, the details of which are as follows:

Career Counselling

	Number of Institutes Visited	Number of Students Counsellled
South		
Hyderabad	3	360
Karachi	21	1,405
	24	1,765
North		
Bahawalpur	4	1,375
Islamabad	13	1,690
Lahore	8	425
Multan	10	1,965
Pasroor	3	950
Peshawar	1	300
Sialkot	6	1,150
	45	7,855
Total	69	9,620



Education Expos

Expo	Number of Students Counsellled
Dawn Education Expo 2010 (Karachi, Lahore and Islamabad)	1,300
Educational Scenario Expo (Gujranwala, Faisalabad and Sargodha)	300
	1,600

Training Organizations (TO)

During the year, seven more firms were registered as Training Organizations.

New Registered Accounting Education Tutors (RAETs)

Three more educational institutions were included in the list of approved RAETs during the year.

Future plans

The Institute recognizes the fact that the quality of education and passing percentage are directly linked with effective learning material and a well-trained faculty. Therefore, resources are being mobilized to launch 'train the trainers' programmes and mentoring programmes for members responsible for training.

To reach out to a large number of students and to enable them to programme their exam preparation according to their own schedule, the Institute is developing e-learning modules and training of resource persons for this purpose.

Examinations

During the year, the examination policy was modified in a significant manner. Effective June 1, 2010 a candidate who has secured passing marks in any paper would be able to retain that passing status irrespective of the marks obtained in any other paper attempted. Further, candidates appearing in the foundation and intermediate examinations (Modules A to D), would be permitted a maximum of six attempts for passing each module. Candidates appearing in the Final Examinations (Modules E and F) would be allowed a period of ten years to pass both the modules from the eligibility of first attempt.

In the 'Meet Your Representative', sessions arranged during the year by the Council with the members, a number of views were expressed on various matters related to the examination process.

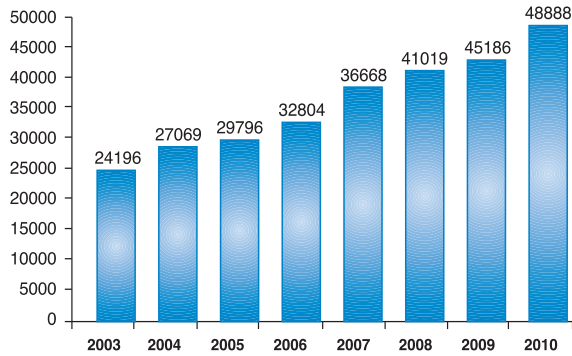
On the direction of the Council, the Examinations Committee has held a number of meetings to deliberate on these issues and is in the process of finalizing its recommendations in co-ordination with the Education and Training Committee. Those recommendations are expected to be discussed in the Council shortly.

The number of students who were admitted in the examinations during the year 2009-10 are as follows:

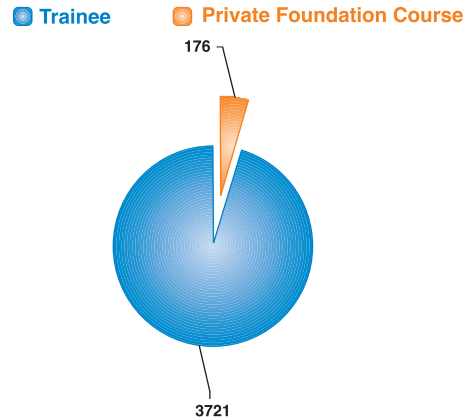
	2009-10	2008-09
Foundation and Intermediate	25,728	25,034
Final	8,153	7,258
IFRSs Diploma	10	18
PPT	1,276	1,681

Other statistics relating to the number of registered examinees and their performance at the recent examinations is set out below in the form of charts:

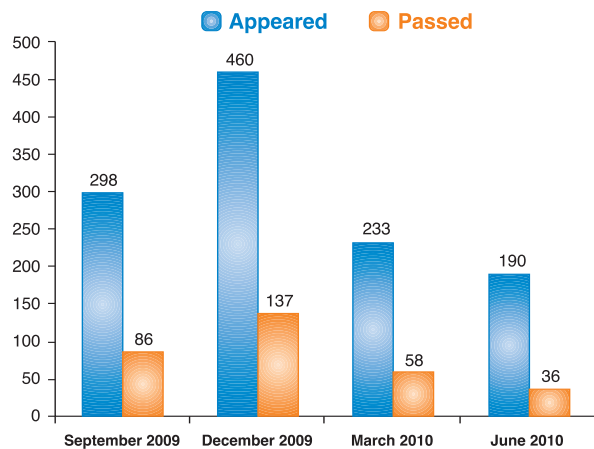
Registered Examinees as on June 30, 2010



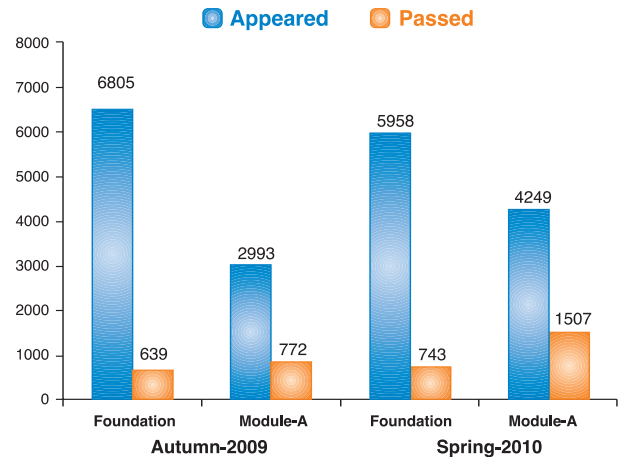
New Examinees Registered During 2009-2010



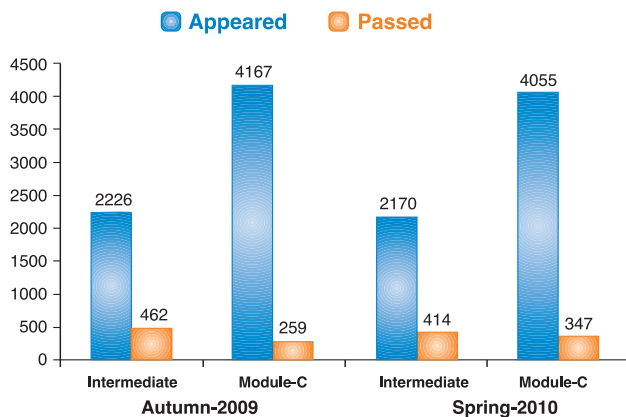
Pre-entry Proficiency Test



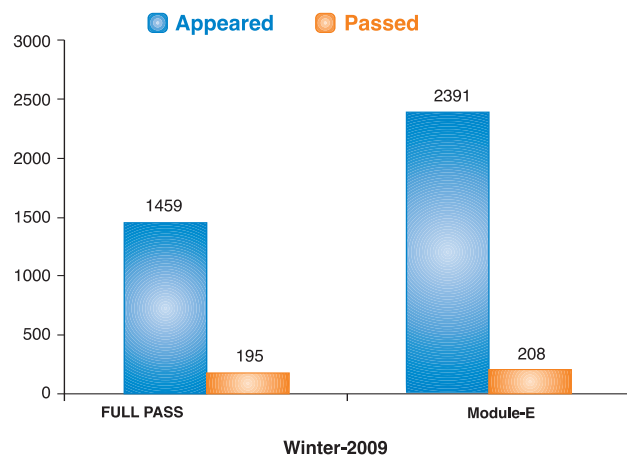
Foundation Examination



Intermediate Examination



Final Examination



Awarding of Gold Medals and Merit Certificates

ZZ

Gold medals and merit certificates were awarded to the following students during the year 2009-10:

Gold Medals

Final Examinations

WINTER 2009

1. **Anum Mohsin**
 - ICAP Gold Medal (Dewan Mushtaq Group)
 - S A Salam Memorial Gold Medal
2. **Mohammad Khurram Jah**
 - Irtiza Husain Gold Medal

Intermediate Examinations

AUTUMN 2009

1. **Syeda Mehrunnisa**
 - ICAP Gold Medal (Ameena Khatib Foundation)
2. **Hassaan Hamid**
 - Kasbati Memorial Gold Medal

SPRING 2010

1. **Muhammad Uzair Hashmi**
 - ICAP Gold Medal (Ameena Khatib Foundation)
2. **Ammar Ahmed**
 - Kasbati Memorial Gold Medal



Anum Mohsin

Merit Certificates

Foundation and Intermediate Examinations

AUTUMN 2009

1. **Ayesha Nihal**
 - Functional English
2. **Hamza Hasan**
 - Quantitative Methods
3. **Rana Zuhaib Ali**
 - Introduction to Economics and Finance
4. **Shahab Ahmed Essani**
 - Introduction to Financial Accounting
5. **Aemon Khan**
 - Mercantile Law
6. **Syeda Mehrunnisa**
 - Financial Accounting
7. **Hassan-e-Mujtaba**
 - Taxation
8. **Salman Javaid Mirza**
 - Business Communication and Behavioural Studies
9. **Hassaan Hamid**
 - Company Law
10. **Ali Abbas**
 - Auditing
 - Cost Accounting
11. **Muhammad Bilal Chaudhary**
 - Information Technology



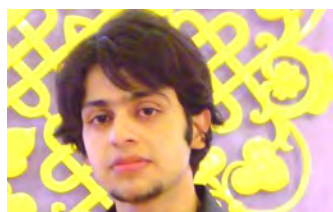
Syeda Mehrunnisa



Hassaan Hamid



Mohammad Khurram Jah



Ammar Ahmed



M. Uzair Hashmi

SPRING 2010

1. **Kinza Bashir**
 ► Functional English
2. **Muhammad Moez Siddiqui**
 ► Quantitative Methods
3. **Mazahir Raza**
 ► Introduction to Economics and Finance
4. **Bushra Farooq**
 ► Introduction to Financial Accounting
5. **Mazahir Raza**
 ► Mercantile Law
6. **Muhammad Uzair Hashmi**
 ► Financial Accounting
7. **Sabih Siddiqui**
 ► Taxation
8. **Sana Shamim**
 ► Business Communication and Behavioural Studies
9. **Ammar Ahmed**
 ► Company Law
 ► Cost Accounting
 ► Information Technology
10. **Mohammad Hassan Ali**
 ► Auditing

Mutual Recognition with Local and International Institutes

Arrangement for mutual recognition with International Institutes

The Institute is in regular communication with the Institute of Chartered Accountants in England and Wales (ICAEW) for obtaining further exemptions leading to mutual recognition.

The Vice President, North, recently visited ICAEW to seek their technical support in improving the education, training and examination system of the Institute.

The Vice President, South, met with the Vice President - Education, of the Canadian Institute of Chartered Accountants (CICA) in Toronto in March 2010 to initiate discussions on arrangement leading to mutual recognition. International Qualification Appraisal Board (IQAB) of Canada has commenced the process of evaluation in response to formal proposal sent to CICA in April 2010. The Institute has been informed by IQAB that it will revert back shortly for any additional information.

Recognition for CA Intermediate students on reciprocal basis

At national level, the Institute has approached the Lahore University of Management Sciences (LUMS), the Institute of Business Administration (IBA), the University of Lahore and other universities with a good ranking from the Higher Education Commission (HEC) to permit credits in their graduate programmes to the CA Intermediate students, to enable them to obtain a graduation degree. The University of Lahore has launched a special degree programme for CA Intermediate students. We are also exploring the possibility of integration of degree programmes of LUMS and IBA with chartered accountancy. This integration can possibly be done by offering equivalencies to various papers of their degree programme vis-à-vis the papers of CA Intermediate.



Governance and Transparency



Formation of the Audit Committee

The Council has established an Audit Committee to assist it in fulfilling its oversight responsibilities in respect of integrity of financial statements, efficacy of risk management and internal control, compliance with legal and regulatory requirements and monitoring and reviewing the effectiveness of the internal and external audit processes.

The Audit Committee comprises of five members, three of whom including the Chairman of the Committee, are independent of the Council. The report of the Audit Committee is annexed.

Internal Audit Function

An independent Internal Audit Function has been established by the Council to assist the Audit Committee in the effective discharge of its functions and responsibilities in accordance with its terms of reference. The Head of Internal Audit reports functionally to the Audit Committee and administratively to the President. The function is governed through a duly approved Internal Audit Charter.

Publication and issue of Half-Yearly Financial Statements

To strengthen corporate governance and transparency, the Institute has for the first time prepared its half-yearly financial statements. These were circulated to all the members along with a limited scope review report of the auditors.

Operation Report

As a part of good governance, the concept of a monthly Operation Report has been introduced at the Institute whereby Departments which do not directly report to any committee i.e. IT, HR, Finance and Membership departments are now submitting a report of their activities each month.

Committees and their Terms of References

In the current year the Terms of References (TORs) of all committees have been finalized and placed on the Institute's website.

Formal Report of International Visits

The Council has approved a policy whereby any person nominated by the Council to attend any international event would be required to submit a formal report within fifteen days of his return. The said report will be circulated to the relevant committee for their information and input, if any. The report will then be presented in the immediate Council meeting for its consideration and appropriate action.

Formation of New Committees



During the year, the following new Committees have been formed by the Council.

- (i) *Human Resource (HR) Committee* has been set up to evaluate and recommend promotions, appointments, transfers, annual appraisal and increments of directors and other members of the senior management for the final approval of the Executive Committee/Council.
- (ii) *Overseas Coordination Committee* has been established to deal with matters relating to our overseas members, such as recognition of their qualification at the relevant international institutes and dissemination of CPD activities.
- (iii) *Central Building Committee* will take up matters relating to acquisition and disposal of lands and construction of buildings for the Institute in the major cities of Pakistan.
- (iv) *Building Committees - North and South* will oversee approval and incurrence of all building expenditure in their respective regions and will report to the Central Building Committee.
- (v) *Employment Committee* - will facilitate the members in the hiring and placement locally and abroad.

Styling of Firms

Services to Members

For the institutional development of firms, the Council has revised its Directive 4.06 'Styling of Firms' to allow the firms to style themselves under abbreviated names of their partners.

Limited Liability Partnership (LLP) Act

The Task Force has reviewed and approved the draft LLP Act and sent it to an eminent lawyer for comments. Following receipt of comments from the legal counsel and after consideration and approval of the Council, the draft will be forwarded to the relevant quarters for its approval.

Following the enactment of the LLP Act, it is expected that professionals such as Chartered Accountants, Actuaries, Lawyers, Engineers or Doctors would be permitted to form a Limited Liability Partnership. Similarly, venture capital companies and private equity funds are also likely to benefit from the implementation of this concept.

Alternate Dispute Resolution Forum

In order to support members that suffer from having their time and money tied up in legal disputes, the Council has principally approved the creation of an Alternate Dispute Resolution (ADR) Forum at ICAP. The ADR is expected to provide an alternative recourse to individual members and firms of Chartered Accountants to help preserve business relationships and assist parties in an effort to reach a mutually acceptable solution to a dispute. The modalities of the ADR are being drafted and will be circularized to the membership in due course of time.

PERN 2 for Students and Members

The Council believes that it is crucial for IT to be integrated within the Institute's overall strategy, as its main role is to facilitate members and students and add value to the Institute's ongoing activities.

Therefore, the Council in its 215th meeting decided to acquire PERN 2 facility for members and students. This facility will enhance the knowledge base of the members and students by giving them access to digital libraries containing leading publications, reading material, books, research and discussion papers etc., of international universities, colleges and other institutions of repute.

PERN 2 is the largest nationwide terrestrial network with point of presence located at the top educational and research institutions and regional centres of Higher Education Commission in all major cities of Pakistan. PERN 2 will also provide access to international seminars and lectures conducted locally and internationally through

video conferencing. This facility would be also available for overseas members.

Our application for the connection to the PERN 2 facility is under process. The initial survey has been completed and the facility is expected to be available soon.

e-IFRS

ICAP has collaborated with the IASB/IASC Foundation to allow ICAP members, unlimited access to e-IFRS (IFRS online version) at a much reduced rate of Rs. 400. This facility is normally available to individuals for GBP 200/- per annum.

Job Placement Portal

Members seeking better placements would be able to register their details on this portal using their login ID and password.

Employers will be requested to send their requirements for placement on the portal. These requirements would be matched with the details of members who have registered themselves for a job.

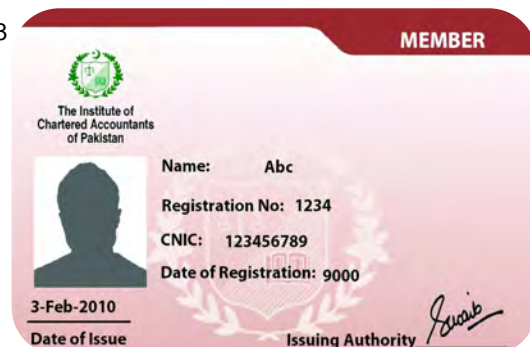
The confidentiality of members' information shall not be compromised and no resume would be forwarded to any employer without the prior consent of the concerned individual.

This portal is expected to be available to members in the last quarter of 2010.

Introduction of Membership Cards

With security being a matter of great concern for all of us, the Institute has recently begun issuing ITags to members. The ITag will be the Institute's membership identification card. With an active barcode at the back, the ITag is being issued as a means of identification and as authorization for various benefits and privileges, like the recent special discount offer by Ufone, PTCL and Microsoft, to our members and students, and also facilitating members to obtain memberships of clubs at discounted rates.

2,088



members had received their cards as of June 30, 2010. The remaining members are requested to apply for their cards at the earliest.

Facilitation for ICAP Members and Students

In its endeavor to facilitate members and students to obtain significant discounts and benefits from facilities from renowned businesses, clubs and organizations, the Institute has entered into arrangements with Royal Palm Golf & Country Club, Lahore, Royal Rodale Club, Karachi, Ufone, PTCL, ChenOne, and Microsoft Certified Gold Partner. Details of such facilities have already been communicated to the members through the monthly newsletters and are available on ICAP's Website.

Benevolent Fund



The Benevolent Fund was established in December 1972 to provide financial assistance and grants to deserving members in financial distress, as well as families of the deceased members to enable them to maintain a respectable lifestyle, support education of their dependent children, marriage of their daughters and to address their medical needs. The Fund is governed by an independent Management Committee consisting of 16 members. The Chairman of the Fund made a presentation before the Council in January 2010 outlining the Fund's future activities.

In response to the Fund's call for support, the Council has approved a sum of Rs. 1 million to strengthen the Benevolent Fund which is over and above the annual subscription. In view of its enhanced activities, a separate secretariat has been provided to the Benevolent Fund. A report from the President of the Benevolent Fund is attached.

Quality Assurance Board

In 1987, the Council of the Institute constituted the Quality

Control Review (QCR) Committee with the key objective of establishing a quality control review framework in respect of audits of financial statements conducted by the practicing firms. To bring more transparency and independence the QCR Committee was transformed into a Board in 2005 with the induction of outside independent members. Currently the Board has thirteen members of which seven are independent members i.e. three are from SECP, one from SBP and three are from the Industry including its Chairman. The detailed report of the Quality Assurance Board is annexed.

Technical Services

Through the various sub-committees of the Professional Standards and Technical Advisory Committee (PSTAC) the Directorate of Technical Services (DTS) is proactively supporting and assisting members in practice and industry and is playing its due role in the formulation of legislation and influencing decision making through:

- developing guidance and papers on best practices;
- contributing technical update material to help members keep abreast of latest developments in accounting and auditing practices;
- addressing issues of wider interest raised by members;
- responding to formal and informal consultations from regulators, trade bodies and custodians of market practices; and
- formulating views on matters of professional interest through its technical services staff in consultation with the members of PSTAC and its sub-committees and through consultation with the membership at large.

Asian-Oceanian Standard-Setters Group

The Asian-Oceanian Standard-Setters Group (AOSSG) members have adopted a Memorandum of Understanding which was signed by 16 countries. Pakistan is represented by ICAP on this group.

The objectives of the AOSSG are:

- (a) promoting the adoption of, and convergence with, IFRSs by jurisdictions in the region;
- (b) promoting consistent application of IFRSs by jurisdictions in the region;
- (c) coordinating input from the region to the technical activities of the International Accounting Standards Board; and
- (d) cooperating with governments and regulators and other regional and international organizations to improve the quality of financial reporting in the region.

ICAP is actively participating in the AOSSG's working groups on Islamic Finance and Leases.

Committee on Accounting and Auditing Standards for Interest Free Modes of Financing and Investments

The Committee is in the process of developing standards on the following subjects:

- ▶ Profit and Loss Sharing on Deposits
- ▶ Diminishing Musharaka
- ▶ Musharaka
- ▶ General Presentation of Financial Statements of Islamic Financial Institutions

ICAP Pronouncements

Circulars Issued to Members

During the year, the following circulars were issued to members:

- ▶ Outsourcing of Tax Audit to Chartered Accountants for the Tax Year 2008
- ▶ Banking Companies - Tax Charge on Irrecoverable Debt
- ▶ Questionnaire on Tax Audit
- ▶ Draft Auditing Standard 1 - An Audit of Internal Control over Financial Reporting that is Integrated with an Audit of Financial Statements (AS-1)
- ▶ Guidelines for Special Review of the Banks' / DFIs' Internal Control over Financial Reporting Programme
- ▶ Financial Reporting Guidelines for Non-Government / Non-Profit Organizations engaged in Micro Finance
- ▶ Revised Format of Auditors' Review Report on Interim Financial Information and the Statement of Compliance
- ▶ Exposure draft of Islamic Financial Accounting Standards on Profit and Loss sharing on deposits

Details can be viewed on ICAP's website:
<http://www.icap.org.pk/web/links/0/circulars.php>

Matters under consideration

- ▶ Gap analysis between IFRSs and disclosure requirements for NBFCs, Modaraba and Insurance Companies
- ▶ Adoption of IFRS 1 and IFRS 9
- ▶ Adoption of IFRS for SMEs
- ▶ Revision of TRs and ATRs
- ▶ Revision of the Auditors' Report Format in

accordance with ISA 700

- ▶ Review of the Auditors' Report on Consolidated Financial Statements
- ▶ Developing Auditors' Report on Audits of Retirement Benefit Funds
- ▶ Adoption of the revised IFAC Code of Ethics July 2009
- ▶ Developing of Accounting Regulations and Financial Statements formats for Life Insurance Companies

Selected Opinions

Selected Opinions volume XV containing opinions issued during the period July 2009 to June 2010 has been uploaded on the Institute's website.

Technical Opinions

During the year, several queries on technical matters received from various members and other institutions, were responded appropriately. Some of the important issues covered in those responses are as follows:

- ▶ Change in accounting policy or prior period error
- ▶ Guidance on accounting for specie dividend issue by a subsidiary company
- ▶ Presentation / disclosure requirements (investments - held-to-maturity)
- ▶ Desktop revaluations in terms of IAS 16 (Property, Plant and Equipment)
- ▶ Investment in subsidiary companies incorporated under section 42 of the Companies Ordinance, 1984
- ▶ Opinion on Appointing an External Auditor Providing Non-Assurance Services
- ▶ Requirement to obtain NOC from the Retiring Cost Auditor
- ▶ Query related to section 86 of the Companies Ordinance, 1984 and WPPF
- ▶ Non-maintenance of proper books of account by a company and modification of the auditors' report
- ▶ Accounting for sugar sales by the sugar industry
- ▶ Modification of the audit report on account of disagreement with management on inappropriate accounting methods
- ▶ Clarification regarding half yearly review
- ▶ Enquiry from SECP on Business Combination

Details can be viewed on ICAP's website.

Review of IASB Pronouncements

Following Exposure Drafts are at present under review:

- ▶ Conceptual Framework for Financial Reporting: The Reporting Entity
- ▶ Defined Benefit Plans-Proposed amendments to IAS19
- ▶ Measurement Uncertainty Analysis Disclosure for

Fair Value Measurements

- Revenue from Contracts with customers

Comments on the following exposure drafts were sent to IASB:

- Fair Value Measurement
- Classification of Rights Issue (Proposed amendment in IAS 32)
- Financial Instruments: Classification and Measurement
- Rate Regulated Activities
- IFRS Improvements
- Measurement of Liabilities in IAS 37
- Management Commentary
- Financial Instruments-Amortized Cost and Impairment
- Fair Value Option for Financial Liabilities

Review of IAASB Pronouncements

The following pronouncements are at present under review:

- ISAE 3420, Assurance Reports on the Process to Compile Pro-forma Financial Information included in a Prospectus
- Proposed IPSAS on Improvements to IPSASs
- Proposed IPSAS on Service Concession Arrangements: Grantor

Co-ordination between ICAP and SBP

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

- Implementation of IAS 39 and IAS 40
- Progress on implementation of Internal Control Guidelines
- Audit of PLS rates
- Issuance of Management Letters
- Changes in IAS 1 - Presentation of Financial Statements

Co-ordination between ICAP and SECP

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

- Revision in Audit Report format as given in Form 35
- Consolidation of mutual funds
- Amendments in Companies Ordinance 1984 and its Fourth Schedule, to align them with the requirements of IFRS
- Revision in panel of auditors for Insurance companies and Modarabas

- Induction of non-CAs as partners in an audit firm - Amendment in Section 254(2) of the Companies Ordinance, 1984.
- Requirement of initialling the financial statements by auditors under the Listing Regulations.

Best Corporate Report Awards 2009

For the tenth consecutive year, corporate reports for the financial year 2009 were evaluated by the joint committee of ICAP and ICMAP. The Awards ceremony for the year 2009 is expected to be held soon.

SAFA Best Presented Accounts Awards

SAFA organized the Best Presented Accounts Awards Ceremony 2008 in Dhaka, Bangladesh on November 5, 2009. From Pakistan, Siemens (Pakistan) Engineering Company Limited was declared the 2nd runner up on an overall basis among all the sectors.

The following Pakistani companies earned positions in the SAFA Best Presented Accounts Awards 2008:

- Siemens (Pakistan) Engineering Company Limited - Winner in the Manufacturing sector
- Crescent Steel & Allied Products Limited - 2nd Runner up in the Manufacturing sector
- Hinopak Motors Limited - 2nd Runner up in the Hospitality, Health, Transport, Shipping etc., sector
- The Citizens Foundation - 2nd Runner up in the Non-Governmental Organizations sector

Following Pakistani companies received Certificates of Merit in their respective categories:

- International Industries Limited
- Atlas Honda Limited
- Askari Bank Limited
- Allied Bank Limited
- Faysal Bank Limited
- IGI Insurance Limited
- Atlas Insurance Limited
- Arif Habib Securities Limited

Evaluation of annual reports of SAFA countries for 2009 is in process and rankings are expected to be finalized soon.

Taxation Committee

Federal Budget Proposals 2010-2011

The Committee on Taxation developed detailed proposals on Direct and Indirect taxes for incorporation in the Federal Budget for the year 2010-11. These were sent to Federal Board of Revenue, Finance Ministry and the Federal Cabinet.

The proposals were aimed towards broadening tax base; improve revenue collections, confidence building and simplification and removal of ambiguities in taxation laws ultimately leading towards promotion of tax culture.

Tax Audit

Following the signing of Memorandum of Understanding (MoU) with the FBR in June 2009 for outsourcing of tax audits to Chartered Accountants, ICAP developed a Tax Audit Framework (TAF) which contains guidelines to be followed by firms of chartered accountants for conducting the tax audit.

Subsequent to the issuance of TAF, a process of selection of tax auditors commenced in January 2010 wherein only those firms were considered for selection which had been given a satisfactory Quality Control Rating by the Institute.

ICAP representatives had follow up meetings with Chairman FBR and other senior officials to discuss and resolve various issues which ICAP members were facing. The FBR officials agreed to resolve the hurdles which interalia included non-payment of advance fee, logistical and interpretational issues. The FBR reiterated its commitment to the process and stated that the Board wishes to see the success of this exercise in the national interest and have professional support from the CA profession.

Seminar on Tax Audit Framework

A seminar was held at ICAP Karachi on January 16, 2010. It was attended by FBR/tax officials and members at large. As planned, seminars on Tax Audit Framework were also held in other major cities in Lahore on January 19 and in Islamabad on March 25, 2010.



Financial Sector Committee

During the year, four meetings of the Committee were held. In addition, two meetings with State Bank of Pakistan (SBP) and the Pakistan Banks' Association (PBA) were jointly held to discuss the following:

Implementation of Internal Control Guideline

Following the issuance of the 'Guidelines on Internal Control' by the SBP in May 2004 and keeping in view the instructions issued by SBP from time to time the Committee developed a 'Guideline for Special Review of the Banks' / DFI's Internal Control Over Financial Reporting (ICFR) Programme', at the request of SBP, so that reviews could be conducted by the banks/DFIs' external auditors in accordance with a uniform basis. The guidelines were issued by the

Institute in March 2010. Further, the Institute also issued an exposure draft on Auditing Standard 1 'An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statement'.

The banks /DFIs who have completed all stages of the ICFR programme would be audited under Auditing Standard 1, whereas those banks /DFIs who are in mid stream of implementation of their ICFR programme would be reviewed under the aforesaid guidelines issued by the Institute.

Implementation of IAS 39 by Banks and DFIs

During the year, the matter was discussed with the Pakistan Banks' Association (PBA) and they were of the view that the matter should be reconsidered in 2011.

Further, a Committee has been formed consisting of different stake holders including representation from banks, the PBA and the Insurance Association of Pakistan to consider adoption of IFRS 9 which will ultimately replace IAS 39 by 2013.

Public Sector Committee

Last year, the Public Sector Committee (PSC) was constituted by the Council to serve 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.

Following matters are under consideration by the Committee:

- Recommendations to be sent to the Ministry of Finance, Government of Pakistan for:
 - ◆ Consolidation of corporate govt. controlled entities
 - ◆ Long term sustainability of public finances
 - ◆ Corporate Governance in public sector
 - ◆ Reconciliation of public debt
- Arranging seminars for public sector entities in collaboration with Audit and Accounts Training Institute (AATI).
- The Issue related to Good Corporate Governance in public sector

Economic Advisory Committee

Economic Advisory Committee (EAC) was formed 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.

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

- Issues relating to Afghan Transit Trade
- Issues relating to Money Changers and their role in foreign currency flows
- Circular Debt
- Recommendations relating to Monetary Policy:
 - (a) Direction of Monetary Policy
 - (b) Calculation of interest rate
 - (c) Control over inflation in the economy
- Gas pricing formula of Pak Iran gas pipeline project
- Rental Power Projects viability
- Issues in the Agricultural Warehousing Sector of Pakistan

Investigation

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

	2009-10	2008-09	2007-08
Cases at the beginning of the year	20	35	38
Complaints received during the year	10	04	16
Complaints disposed off during the year*	(8)	(19)	(19)
Complaints pending at the end of the year	22	20	35

*DETAILS OF CASES DISPOSED OFF			
No action as cases were found without merit	5	15	15
Removal of name	-	1	-
Members reprimanded by name	-	2	4
Members reprimanded without name	2	1	-
Student blacklisted	1	-	-
Total	8	19	19

AGING ANALYSIS OF COMPLAINTS PENDING AS AT JUNE 30, 2010	
Years	No. of Cases
2002	1
2005	1
2006	6
2007	1
2008	3
2009	7
2010	3
Total	22



Information Technology

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

Key IT achievements for the year are:

Implementation of Task Management System at ICAP Offices

The Task Management System Software is integrated with the 'Contact us' panel on website. This software efficiently handles all queries raised by members, students and any individual through website, phone, fax and e-mail. Task Management system is expected to significantly improve the overall operational capacity of the Institute.

Enhancement of ICAP Portal

ICAP portal has been enhanced with features of online updating of members' profile and Form 'C' for practicing firms. Besides, members can view video recordings of CPD events through the portal.

Upgrade of Video Conferencing Facility at Karachi, Lahore and Islamabad

Video conferencing facilities at Karachi, Lahore and Islamabad offices have been upgraded with 2MB fibre optic connectivity and two 52" LCD TVs which have been installed at every station.

This upgrade has significantly improved the overall quality of sessions. Seminars conducted at Karachi, Lahore and Islamabad offices can be telecast live at other stations. All committee meetings mostly except those of Standing Committees are organised using this facility. This has reduced travelling time and cost of our members & Institute respectively. This facility has been offered to our members at all these three places at discounted rates.

Active Engagement of Members

Establishment of Overseas Chapters

The Council has approved the formation of Overseas Chapters, initially at Dubai, Jeddah, London and Toronto. This initiative is expected to provide an opportunity to our members residing in those cities to interact more frequently with the Council and plan their CPD activities more effectively. A guideline for the establishment of overseas chapters has been circulated to all members in these cities.

Meet Your Representatives Sessions with Members

In its endeavour to formulate a long term plan and to devise a future strategy, the Council of the Institute sought members' input through a series of interactive *Meet Your Representatives* sessions. These sessions were conducted at eight places i.e. Multan, Lahore, Faisalabad, Islamabad, Karachi, Dubai, Abu Dhabi and Jeddah and were very well attended.

During these sessions, the President, the Vice Presidents and various Council members very attentively participated and listened to members' suggestions relating to examination, education, CPD programmes, mutual recognition of our qualification, matters relating to the small and medium sized practices, etc. Members appreciated this new concept of sharing ideas, as they came to know about the initiative and projects within ICAP as well as the Institute's various collaborative efforts. Members were of the view that these sessions would be very useful in devising workable policies for the future development of the profession. A summary of the discussions has been circulated to the members.

Membership

Directory of Members and Firms 2010-11

Directory of Members and Firms 2010-11 has been uploaded on the Institute's website on July 1, 2010. Our membership department staff with the help of Information Technology department has devised the mechanism of making particulars updates through the ICAP's website. We are determined to further refine the system of compilation of the Directory in order to facilitate the members and increase the quality of services being provided by the Institute.

Life Membership

The Institute offers life membership to its senior members who attain the age of 60 years provided they do not hold a certificate of practice and any other office of profit. The life membership can be obtained on payment of one-time fee of three thousand rupees. 38 members have been granted Life membership of the Institute during the period from July 1, 2009 till June 30, 2010.

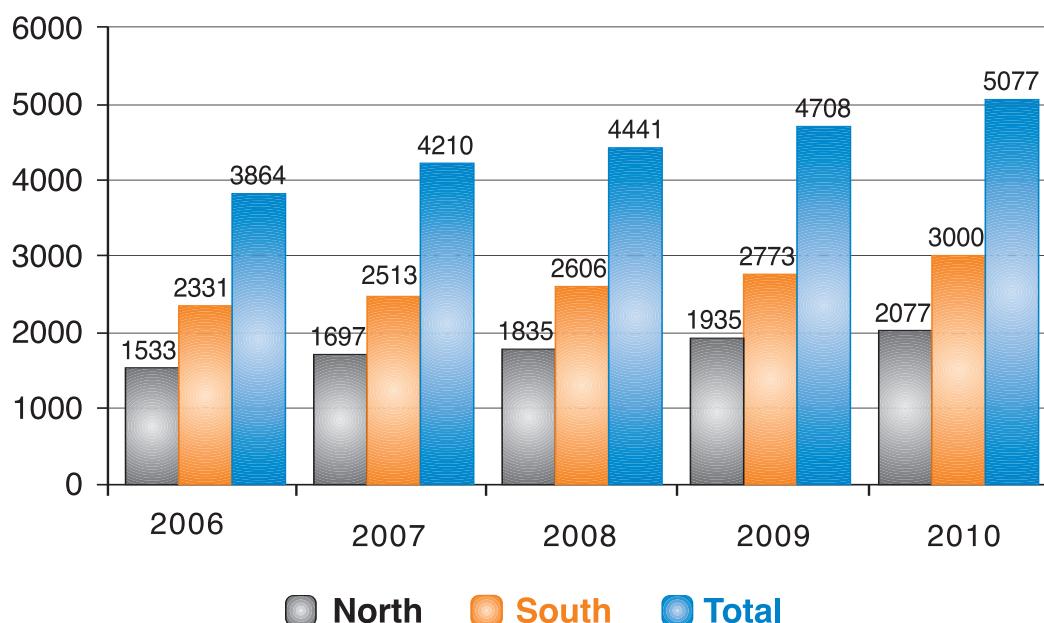
Growth in Membership

Our membership is growing at a gradual pace. Membership of the Institute as on June 30, 2010 was 5,077 out of which 1,179 members are overseas accounting for 23 percent of the total membership. During the year 2009-10, 425 new members were admitted to the Institute and memberships of 61 were restored, resulting in an increase of 483 members. Total membership includes 13% practicing members and 83% members employed in commerce and industry, financial institutions, government departments and education.

Statistical Information of Membership

	June 30, 2010			June 30, 2009		
	Associates	Fellows	Total	Associates	Fellows	Total
Domestic						
Public Practice - Sole Proprietor	40	217	257	47	210	257
Public Practice - Partnership	60	340	400	69	315	384
Commerce / Industry	1,828	737	2,565	1,647	743	2,390
Corporations	7	6	13	3	7	10
Financial Institutions / Banks	263	130	393	234	112	346
Government	23	22	45	17	18	35
Education	43	32	75	34	35	69
Senior Members	7	143	150	5	116	121
Overseas						
Non practice	772	360	1,132	716	343	1,059
Public Practice	6	13	19	5	12	17
Senior Members	1	27	28	-	20	20
Total	3,050	2,027	5,077	2,777	1,931	4,708

Year-wise Growth in Membership



During the year, Council removed the names of 111 members from the register of members, under section 19 (c) of the Chartered Accountants Ordinance, 1961.

ICAP also commiserates the passing away of the following members:

Tufail Mohammad	(R-0625)
Hamid Hasan Khan Sherwani	(R-0688)
Muhammad Akram Chaudhry	(R-0720)
Abdul Rashid Khan	(R-0821)
Abdul Qadir	(R-1565)
Shehzad	(R-5655)
Bilal Ahmed*	-

**Training period was not completed.*

Practicing Firms as on June 30, 2010

A total of 416 audit firms were registered with the Institute as on June 30, 2010 which include 121 partnership firms.

Continuing Professional Development

CPD activities from July 2009 to June 2010

Southern Regional Committee and Northern Regional Committee are responsible for conducting CPD programs. During the year, they organized 80 seminars/ workshops/ conferences in Karachi, Lahore, Islamabad, Faisalabad, Multan and Peshawar offering 305 CPD credit hours for members of the Institute. Last year 67 activities were held with 236 CPD credit hours.

Rousing Executive Development Centre

The CPD Committee is in the process of finalizing a deal with Rousing Executive Development Centre, Lahore University of Management Sciences (LUMS), for arranging their programs for ICAP. These programs will be held exclusively for ICAP members at Islamabad, Lahore and Karachi. The programs will be offered at subsidized rates to members.

Professional Accountants in Business

Acknowledging that about 83% members work in the industry, your Institute has formed a Committee for Professional Accountants in Business (PAIB). The Committee chalked out a plan to provide a platform to improve interaction and exchange of knowledge among members in industry and commerce. Accordingly, the idea of holding CFO conference was launched and your Institute has organized two very successful conferences this year. The PAIB Committee has further plans to establish a CFO Forum, develop a knowledge pool on the Institute's website and seek business innovation input from members working in the industry.

CFO Conferences

Two CFO Conferences were held in Karachi and Islamabad. Conference presentations, pictures and video recordings are available on ICAP website at the link:

http://www.icap.org.pk/web/icap_conf.php



1st Conference - Rising CFO, Karachi

The Institute, in collaboration with Terrabiz, organized a full day CFO Conference 2010 entitled **Rising CFO** at the Marriott Hotel, Karachi on March 11, 2010. The conference was attended by over 600 participants.

The President ICAP inaugurated the Conference with his welcome speech. Keynote speakers included Vice President SAFA and member of PAIB Committee of IFAC A.N. Raman, Dean, Director IBA Dr. Ishrat Husain, Council member and Chairman PAIB Committee, Mr. Yacoob Suttar, Managing Director SAP, Mr. Sajjad Syed, CFO Engro Corporation Limited, Mr. Ruhail Mohammad, CEO BMA Capital, Mr. Farrukh H. Khan, CFO Habib Bank Limited, Mr. Ayaz Ahmed, and CFO Siemens Pakistan Engineering Company Limited, Mr. Gerhard Wilcke. The conference was organised by the PAIB Committee.



2nd Conference - Challenge for Change, Islamabad

With over 350 participants, the second CFO Conference **Challenge for Change** was held and concluded successfully at the Serena Hotel in Islamabad on June 3, 2010. Mr. Shaukat Tareen, former Finance Minister was the Chief Guest. The keynote speaker for the evening was Mr. Saquib H. Shirazi CEO, Atlas Honda Limited. This conference was organised by the central CPD Committee.



Other Matters

Pakistan Institute of Corporate Governance

ICAP has signed a Memorandum of Understanding with the Pakistan Institute of Corporate Governance (PICG) whereby the Institute would assist PICG in attaining international affiliations with recognized bodies to promote the objectives of PICG such as programmes related to training of directors of listed company. As a result and on the invitation of PICG, ICAP has nominated the Vice President North as its Nominee Director on the PICG Board.

Golden Jubilee Celebrations in 2011

The Council has decided the calendar year 2011 to be the Golden Jubilee Year of the Institute which was set up on July 1, 1961. Completing fifty years of dedicated services to the nation in various spectrums is a major achievement and the Council of the Institute is planning to celebrate this important milestone through an elaborate programme comprising of many events including holding of conferences, engaging in corporate social responsibility activities, distribution of souvenirs and publication of special supplements in newspapers. Students shall be encouraged to actively participate in the Golden Jubilee Celebrations.

To commemorate the Institute's 50th Anniversary the Council has formed a Golden Jubilee Celebrations Committee under the chairmanship of a member of the Council.

Benazir Bhutto Shaheed Youth Development Program

Sindh Minister for Youth Affairs, Syed Faisal Ali Subzwari, and the President ICAP signed an MoU under the Benazir Bhutto Shaheed Youth Development Program on June 7, 2010 at ICAP House, Karachi.

With this MOU, the Institute has joined hands with the Government of Sindh under the Benazir Bhutto Shaheed Youth Development Program for skill development and job oriented training in taxation for unemployed and unskilled youth of the province of Sindh. The program has two phases, (a) imparting basic knowledge on taxation laws and processes; and (b) linking academic knowledge with practical application. ICAP will act as a facilitator between the trainees and the trainers.

On the occasion, Syed Faisal Ali Subzwari acknowledged ICAP as one of the premier institutions of the country and said he believes that Sindh government's association with ICAP would produce skilled and trained human resource for the country in the field of taxation.

International Representations

International Federation of Accountants (IFAC) IFAC Board

Member: Asad Ali Shah
Technical Advisor: Zahid Iqbal Bhatti

International Audit and Assurance Standards Board (IAASB)

Member: Mohammad Abdullah Yusuf
Technical Advisor: Pervez Muslim

Developing Nation Committee (DNC)

Member: S. M. Shabbar Zaidi
Technical Advisor: Naeem Akhtar Shaikh

Confederation of Asian and Pacific Accountants (CAPA)

Member: Imran Afzal*
Technical Advisor: Rafaqat Ullah Babar

*Mr. Imran Afzal resigned in June 2010. The Council appreciates his services to the Institute.

South Asian Federation of Accountants (SAFA)

Member: Shaikh Saqib Masood
Technical Advisor: Mohammad Abdullah Yusuf

Asian-Oceanan Standard Setters Group (AOSSG)

Member: Zahid Iqbal Bhatti

Finance

Financial results for the year ended June 30, 2010 are summarised below:

	2010	2009
	- Rs. in '000 -	
Revenue		
Members	47,548	39,253
Students	225,690	195,584
Others	16,086	12,710
	289,324	247,547
Operating expenditures	253,275	234,434
	36,049	13,113
Finance income	9,277	7,832
Net income for the year	45,326	20,945
Capital expenditures	22,164	37,566

Net assets as at June 30, 2010 were Rs. 279 million (2009: Rs. 229 million). The net increase/(decrease) in cash and cash equivalents in 2010 was Rs. 49 million (2009: (Rs. 5 million)).

Publications

Your Council's approach is to adopt a policy of openness and transparency. The Council believes that transparency is a vital tool for making the representatives in the Council and the directorate accountable.

An important objective of our publications is to engage industry and regulatory bodies by presenting diverse opinions, views, and suggestions.

Publications continues to provide creative, editorial, and publishing support for special events such as the CFO Conferences and annual student events such as soft skills competitions. Soon, specific website content development will also be undertaken by Publications.

The Committee has decided to gain additional human resource for the department in view of its expanding scope, and give the department a fair degree of autonomy in terms of conception, content selection, research and production of our publications.

Newsletter

The Newsletter has been made vibrant. Previously, various communication means were used like E-Technical update, CPD news and the President's communication. All these have now been combined in the newsletter to make it a comprehensive document providing coverage to all ICAP's news

Pakistan Accountant

As part of Golden Jubilee Celebrations, a commemorative issue of *The Pakistan Accountant* dedicated to 50 years of penmanship has been planned.

Human Resources

HR Committee

An HR sub-committee has been formed to review the HR Manual and the organizational structure of the Institute to meet the growing needs of the Institute.

In order to further strengthen the organization structure, it has been planned to appoint an experienced media person for the projection of the image of the Institute. It is also planned to appoint a full-time attorney at the Institute for addressing the legal matters.

The details of movement in key personnel, during the year, are as follows:

Employed during the year

- Badia Raza - Regional Head North
- Abdul Aleem - Senior Manager
- Tahera Arshad - Internal Auditor

Resigned during the year

- Moiz Ahmad - Executive Director
- Fazal H. Saifee - Chairman Board of Studies
- M. Asif Iqbal - Director Technical Services
- Najmuddin Shad - Regional Head North
- Maria Mc Kenna Qamar - Advisor Technical Services and Quality Control

Training for ICAP's Management Staff

This year, HR organized 4 in-house training sessions for management staff of the Institute to enhance their professional capabilities. Management Staff from Lahore and Islamabad also took part through video conferencing. The sessions were designed to improve soft skills. The programs were conducted by professional trainers like Dr. Shahida Sajjad, Shakeel Mapara, Dr. Kamran Yameen and Jiyad Shaikh.



Other Activities

- Special security survey of the Institute's premises was carried out by a professional security company. Their suggestions have been incorporated to improve security at all Institute offices.
- Staff picnic was organized in July 2009 in which the staff participated with enthusiasm.
- Administrative facilities are utilized by firms and organizations for conducting their professional activities. During the year more than 330 events including AGMs, training sessions, seminars, lectures and other such activities were organised.
- Attendance records at Karachi, Lahore and Islamabad have been automated as they are now being maintained through a digital card reading machine.

Donation of Land

During the year a senior member has graciously gifted a piece of land measuring 600 square yards located at Government Teachers' Co-operative Housing Society, Scheme 33, Gulzar-e-Hijri, Karachi for constructing ICAP offices, a library, examination centre, class rooms and for other similar activities. The Council appreciates this gesture and love with the Institute and would like to place on record its sincere thanks to the senior member for this generosity.

Regional Committees

The Institute has two Regional Committees, one each for the Northern and the Southern regions, which are constituted through an electoral process. Brief reports of the respective Regional Committees are annexed.

Acknowledgment

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, the Federal Board of Revenue, the State Bank of Pakistan and other government organizations for their continued support.

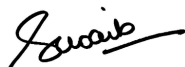
The Council expresses its appreciation for the work done by Mr. Qasim E. Causer and Mr. Afzal Munif in their capacity as the external auditors of the Institute.

The Council also gratefully acknowledges the active role played by the Chairman of the Audit Committee, the Chairman of the Quality Assurance Board and the President of the Benevolent Fund, in their respective areas.

The Council would also like to acknowledge the contributions made by the respective Regional Committees in building the image of the Institute and for their whole hearted support.

The Council would like to take this opportunity to express its appreciation to the personnel of ICAP for their hard work and dedication and for helping the Council in discharging its responsibilities.

By the order of the Council



Shoaib Ahmed
Secretary

Karachi, July 20, 2010

Report of the Audit Committee

Annexure I



The Council has formed an Audit Committee in its 211th meeting held on September 14, 2009, to assist the Council in the discharge of its functions and responsibilities. The Terms of Reference of the Committee have been approved by the Executive Committee, with a mandate of monitoring the integrity of the Institute's financial statements, the efficacy of the Institute's internal controls & risk management systems, and monitoring & reviewing the effectiveness of the internal and external audit processes. The Committee comprises of five members, of them three are independent non-council members. The Committee is chaired by an independent member who is also a past president of the Institute.

During the period under review, the Audit Committee held four scheduled meetings and conducted the following business:

1. Reviewed and finalized the Terms of reference of the Audit Committee and recommended the same for approval of the Executive Committee.
2. Finalized the appointment of Head of the Internal Audit.
3. Reviewed analytically the quarterly, half yearly and annual financial statements of the Institute along with the External Auditors Report thereon. The financial statements after review were recommended to the Executive Committee for approval.
4. Had a meeting with the External Auditors of the Institute for any point of their concern regarding compliance and governance related matters.
5. Reviewed the effectiveness of the Institute's internal controls, governance processes.
6. Agreed upon the work plan of the Internal Audit
7. Approved the Internal Audit Charter and Job Description of the Head of Internal Audit.
8. Agreed and recommended the fees and the terms of appointments of External Auditors of the Institute.

ABDUL HUSAIN A. BASRAI
Chairman, Audit Committee

Karachi, July 19, 2010

Report of the Quality Assurance Board

Annexure II



On behalf of the Quality Assurance Board (the Board) I am pleased to present the report of the Board and activities of the Quality Control Review (QCR) carried out during the last year.

The QCR Program is integral to the Institute's regulatory framework and established to develop and maintain compliance

of professional standards amongst firms engaged in the audits of limited companies, particularly the listed entities, as the Code of Corporate Governance applicable in Pakistan since 2002 requires a satisfactory QCR rating as mandatory for firms conducting audits of listed entities. This reflects the Institute's commitment to protecting the stakeholders'/ public's interest and also maintaining rigorous self-regulatory standards.

The primary objective of the QCR process is to provide guidance and education to the firms, enabling them to improve their quality of audit work in accordance with the International Standards on Auditing (ISA) adopted by the Institute.

It may be recalled that in 1987 the Council of the Institute constituted the Quality Control Review (QCR) Committee with the key objective of establishing a quality control review framework in respect of audits of financial statements conducted by the firms. To bring more transparency and independence, the QCR Committee was transformed into the Quality Assurance Board in 2005 with the induction of outside independent members.

Currently the Board has four independent members i.e. three SECP and one SBP nominees. The Board also has wide representation from large firms, Small and Medium practitioners and also members from industry and commerce.

Review of the Firms under International Standard on Quality Control - 1 (ISQC-1)

Compliance to 'ISQC-1' was made mandatory by the Council for the auditors of listed companies and public interest entities from the financial year beginning on or after July 01, 2009. Consequently the reviews of firms under 'ISQC-1' would be conducted for the audit reports to be issued for the year ended June 30, 2010.

During review a firm's overall system of quality control would be reviewed which would include policies and procedures addressing the following elements:

- Leadership responsibilities for quality within the firm.
- Ethical requirements.
- Acceptance and continuance of client relationships and specific engagements.
- Human resources.
- Engagement performance.
- Monitoring.

QCRs conducted during the period

During the period from September 11, 2009 (as in the last Annual Report, reporting period ended on September 10, 2009) to June 30, 2010, reviews of 66 audit engagements of 40 firms at 49 office locations at Karachi, Lahore, Islamabad, Faisalabad, Multan, Rahim Yar Khan, Rawalpindi and Peshawar were carried out as compared to 98 audit engagements of 52 firms at 63 office locations during the period from September 1, 2008 to September 10, 2009.

Out of 40 firms reviewed during this period, conclusions of 21 firms were that audit reports issued by such firms were 'supported by appropriate audit evidence' while the conclusions of 5 firms were that audit reports issued by them were 'not supported by appropriate audit evidence'. QCR Reports of 14 firms are in the process of approval by the Board.

As on June 30, 2010, 94 firms were listed on the Institute's website, having satisfactory QCR rating'.

I would like to share that since the inception of the QCR program the quality of audit work of number of firms has witnessed considerable improvement. Some of the firms with a positive approach and a desire to improve take full guidance from the resources available at Institute. I would request the firms, specially SMPs, to fully utilize the resources of Professional Standards Compliance & Evaluation (PSCE) in their improvement.

Legal Cases relating to QCR

During the period under review, following legal cases were filed against the Institute:

- i) A firm filed a writ petition against the Institute challenging the decision of the QAB regarding removal of the firm's name from the list of the firms with satisfactory QCR ratings. After two hearings the Court passed a consent order in favour of the Institute advising the Petitioner Firm to apply for a revisit of QCR.
- ii) In the second case another firm challenged the decision of the Board regarding the earlier QCR of the firm. The Court after one hearing dismissed the petition filed by the firm and passed verdict in favour of ICAP.

Report of the Quality Assurance Board

ISQC-1 Mentoring Program

In continuation of the initiatives taken by ICAP to facilitate and motivate practicing members (especially in SMPs) towards imminent implementation of ISQC-1, the concept of "mentoring visits" was introduced. As part of this program, ICAP representatives have been visiting various SMP offices located country-wide.

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

These mentoring visits were also aimed at providing opportunity to members to discuss such specific issues relevant to their practices which they were hesitant to share on larger forums. During the period under review various firms in Karachi, Lahore and Islamabad were visited.

This program is intended to be continued covering other cities of the country where firms are carrying out audit assurance services. It is expected that members will respond positively to this initiative in preparation for meeting ISQC-1 requirements.

Revised ISQC-1 Manual

Last year, the IAASB revised the ISQC-1 and in the light of this revision the Institute is in process of revising its ISQC-1 Manual issued in September 2008. The Manual provides standardized documents and formats to facilitate compliance with ISQC-1. This initiative was taken with the objective of enabling firms to improve the standard of documentation and system of quality control within the firms. This would in turn improve the overall quality of assurance and other related services which is, in fact, the underlying requirement of ISQC-1.

The Manual can be downloaded from the Institute's website.

Revised Audit Compliance Review (ACR) Checklist Part-A for the firms engaged in audits of listed entities

It may be recalled that in 1998 the Institute had directed all Chartered Accountants Firms to submit the 'Audit Compliance Review (ACR)' every year on 01 July at the time of renewal of practicing certificates of their proprietors / partners. The ACR consists of two parts i.e. Part A and B, which deal with the provision of information relating to overall quality control procedures and audit engagements carried out during the past year respectively.

As you are aware that in January 2008 the Council adopted the ISQC-1 and now firms that carry out audit of

listed companies and public interest entities from accounting periods beginning on or after July 1, 2009 are required to comply with the requirements of ISQC-1. In view of the above development a need was felt to revisit Part A of the ACR for those firms that carry out audits of listed companies so that it could be aligned with the requirements of ISQC-1.

The Board in its 25th meeting held in May 2010 approved the issuance of revised Audit Compliance Review (ACR) Checklist Part 'A' for the firms engaged in the audits of listed entities. Other firms will continue to submit the existing ACR Checklist Part A to the Institute. However, these firms will be encouraged to submit the revised Part A of the ACR.

Revised Audit Compliance Review (ACR) Checklist - Part B

After IAASB clarity project, various ISAs have been revised and redrafted in addition to issuance of certain new ISAs. This has necessitated the revision of ACR Checklist - Part B which is expected to be completed by December 2010.

Revised Audit Practices Manual

Keeping in view the clarified and redrafted ISAs, the Audit Practices Manual (APM) issued in 2004 for the general help and assistance of SMPs, is also being considered for revision. Work will start on 'Revised APM' after finalization of 'Revised ACR Checklist - Part B'.

SMP Workshops

While ISQC-1 orientation essentially targets practice management, there is a need to provide SMPs with valuable support in terms of training their human resources to augment their understanding of the audit methodology generally, and the documentation requirements in particular.

To this end, during the period under review, DPSC&E in collaboration with Southern and Northern Regional Committees, organized workshops on ISQC-1 in all major cities of Pakistan and on certain ISAs in Karachi, Lahore and Islamabad. It is expected that these workshops will supplement the efforts and commitment of the firms, especially SMPs, towards successful implementation of ISQC-1.

Finally, I want to record my thanks to all the existing and outgoing members of the Board and the staff members of PSC&E who have done exceedingly well to establish the effectiveness of the Board since its formation and providing me with admirable support.

ZAFAR IQBAL SOBANI

Chairman, Quality Assurance Board

Karachi, July 19, 2010

Report of the ICAP Benevolent Fund

Annexure III



The Institute of Chartered Accountants of Pakistan Benevolent Fund (The Fund) is an important and independent function of the Institute of Chartered Accountants of Pakistan (ICAP). This Fund was established to provide financial assistance and grants to financially distressed members as well as families of the deceased members to enable them to have

a respectable living, support education of their dependent children, marriage of their daughters and to meet their medical needs. The Fund has been undertaking this function with commitment and sincerity of purpose since 1972 when it was established by the ICAP. It is governed by an independent committee constituted by the President of the Fund who is nominated by the Council of the ICAP.

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

Financial Assistance

The Fund extended financial assistance of rupees 4,958,250 to members and families of deceased members compared to rupees 3,804,117 during the preceding year. The Fund has constituted a sub-committee to verify and assess the needs of deserving cases. Members of the sub-committee pay visits to the families of late members in order to condole them. These visits also serve the purpose of identifying deserving cases for financial assistance.

Group Life Insurance Scheme

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

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

Last but not the least, at the request of the Committee, a premium for insurance cover of rupees 500,000 was included, as an option, in the notices issued to the members for payment of annual membership fee to ICAP.

This cover could be increased to larger amounts at the discretion of the members. Sufficient details in this respect were provided in these notices.

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

Introduction of Group Health Care Scheme

The Fund took the initiative of finalizing arrangements with Askari General Insurance Co. Ltd to help the members covered against major and deadly diseases and hospitalization at a minimum cost. Furthermore, the insurer was persuaded to include the employees of CA firms along with their dependents within the ambit of the scheme.

Investments

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

Free Seminar on Eye Care

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

Takaful Salary Saving / Investment Scheme

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

Presentation in Council Meeting

The President of the Fund alongside a member of the committee, made a detailed presentation of the objectives, scope of activities and the nature and volume of financial assistance provided to members and their families during the year and since its inception in 1972. The Council was requested to increase the subscription of the Fund from Rs. 500 to Rs. 1,000 and to revive the annual contribution from ICAP. The Committee is thankful to the Council for providing an opportunity to present its point of view to the Council and also for approving grant of rupees one million to the Fund annually.

KHALIQ-UR-RAHMAN

President, ICAP Benevolent Fund
Karachi, July 19, 2010

Report of the Southern Regional Committee

Annexure IV



It is indeed great pleasure for me to present to you a summary of activities of Southern Regional Committee (SRC) during the year 2009-2010. SRC comprises of 5 elected members from Zone A (Sindh) and 1 member from Zone B (Baluchistan). However, as no member contested election from Zone B, the seat is lying vacant.

SRC, for the first time, was given an opportunity to present its Vision to the Council. The Council gave a patient hearing to the Vision of the Committee and gave valuable inputs to further enhance the effectiveness of the Committee.

SRC organized 23 CPD events consisting of 11 workshops and 12 seminars, on various core and non-core subjects. In addition SRC also organized an Eid Milan & Mehfil-e-Ghazal and a family get-together at Sindbad. Both events were well received by the members.

SRC also assisted ICAP Secretariat and the President in

arranging discounted memberships and services offered by leading clubs and service providers. The Committee is also working on developing its web-page to keep the members abreast with its activities and facilitate communication with the members.

The CASA Managing Committee organized 8 seminars on exam specific topics, which were well received by the students. The elections for the 4 students members of the Managing Committee are planned on 14 July 2010, and we believe that with the induction of new members CASA would be a more vibrant body.

In the end, on-behalf of SRC, I would like to thank the members, the President, the Council members, and the secretariat staff of ICAP and SRC for their cooperation and support.

SYED NAJMUL HUSSAIN

Chairman, Southern Regional Committee

Karachi, July 19, 2010

Report of the Northern Regional Committee

Annexure V



Alhamdulillah, the newly elected Northern Regional Committee is just about to complete the first year of its four year tenure.

Soon after taking over, the Committee took initiatives for enhancing the standard and volume of activities. Efforts were specially focused towards increasing the frequency and

quality of CPD events and the much needed up-gradation of library facilities. Improved organization and management of coaching classes also received specific attention resulting in raising the standard as well as number and duration of the courses offered.

The CPD Committees of the Region have performed well, both in terms of arranging regular events and covering and addressing areas and topics of professional interest. Lahore CPD committee has excelled by managing to conduct seminars/workshops of 70 hours. More than 175 hours of CPD activities were held in the Region, collectively, during ten months only.

A comprehensive review of libraries at various centers has been conducted to identify the requirements for improving the existing as well as providing additional facilities. Based on the review, major up-gradation of libraries has been planned during the coming months.

Special feature of this year was the meeting with the President, Vice President (North), other Council members and presentation of NRCs Goals and Action plans to the Council. The presentation was well received and Council appreciated the initiatives presented which are in the process of being implemented.

The Committee looks forward to a more eventful and productive year ahead.

SHIBLI ISLAM REHAN

Chairman, Northern Regional Committee

Karachi, July 19, 2010

Statistics of Meetings Held & Attendance

COUNCIL		Meetings Held (7)	
Name	Attended	Name	Attended
Abdul Rahim Suriya	7	Nazir Ahmad Chaudhri	7
Muhammad Abdullah Yusuf	7	Rafaqat Ullah Babar	6
Pervez Muslim	7	Rashid Rahman Mir	7
Adnan Zaman	7	Shaikh Saqib Masood	6
Ahmad Saeed	7	Sohail Ahmad	0
Dr. Waqar Masood	7	Salman Ali Sheikh	2
Hafiz Mohammad Yousaf	7	Salman Siddique*	0
Khalid Rahman	7	Tanwir Ali Agha**	0
Muhammad Ayub Khan Tarin***	1	Yacooob Suttar	6
Nadeem Yousuf Adil	7	Zahid Iqbal Bhatti	6
Naeem Akhtar Sheikh	7		

* Remained Council Member upto September 13, 2009

** Remained Council Member from August 21, 2009 to November 10, 2009

*** Nominated at the Council on November 11, 2009

EXECUTIVE COMMITTEE		Meetings Held (6)	
Name	Attended	Name	Attended
Abdul Rahim Suriya	6	Naeem Akhtar Sheikh	6
Mohammad Abdullah Yusuf	6	Rafaqatullah Babar	5
Pervez Muslim	6	Rashid Rahman Mir	6
Ahmad Saeed	6	Shaikh Saqib Masood	4
Hafiz Mohammad Yousaf	6	Zahid Iqbal Bhatti	5
Khalid Rahman	6		

INVESTIGATION COMMITTEE		Meetings Held (3)	
Name	Attended	Name	Attended
Abdul Rahim Suriya*	0	Khalid Rahman	1
Mohammad Abdullah Yusuf	3	Mehmood Y. Mandviwalla	1
Ahmad Saeed	3	Nazir Ahmad Chaudhri	3
Dr. Waqar Masood Khan	1	Rashid Rahman Mir	3
Hafiz Muhammad Yousaf	3	Zahid Iqbal Bhatti	3
Hamid Khan	1		

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

EXAMINATIONS COMMITTEE		Meetings Held (4)	
Name	Attended	Name	Attended
Abdul Rahim Suriya*	0	Rafaqat Ullah Babar	3
Pervez Muslim	4	Rashid Rahman Mir	4
Ahmad Saeed	4	Shaikh Saqib Masood	2
Nadeem Yousuf Adil	4	Zahid Iqbal Bhatti	4
Naeem Akhtar Sheikh	4		

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

AUDIT COMMITTEE		Meetings Held (3)	
Name	Attended	Name	Attended
Abdul Hussain A. Basrai (Non-Council Member)	3	Naeem Akhtar Sheikh (Council Member)	3
Khursheed Kotwal (Non-Council Member)	3	Yacoob Suttar (Council Member)	2
Moin Mohajir (Non-Council Member)	3		

QUALITY ASSURANCE BOARD		Meetings Held (5)	
Name	Attended	Name	Attended
Zafar Iqbal Sobani	5	Muhammad Tufail Salariya	4
Abbas	5	Noman Ahmed Qureshi (Nominee SBP)	3
Amir Jamil Abbasi	3	Riaz A. Rehman	4
Fuad Azim Hashimi (Nominee SECP)*	2	Rashid Rahman Mir	5
Huma Pasha	4	Shahid Nasim (Nominee SECP)	2
Kamran Y. Mirza (Nominee SECP)	2	Syed Shahid Hussain	2
M. Salman Burney (Nominee SECP)*	1	Zahid Iqbal Bhatti	3

*Mr. Fuad Azim Hashimi succeeded Mr. M. Salman Burney from 25th QAB meeting.

PUBLIC SECTOR COMMITTEE		Meetings Held (3)	
Name	Attended	Name	Attended
Mohammad Abdullah Yusuf	3	Javed Kazim Siddiqui	2
Abdul Hamid Pasha*	1	Pervez Usman	3
Abdur Razzaq	1	Mohamed Aslam Ramzanali Dossa	2
Ali Omer Golam Morshed	2	Noora Khan**	1
Fuad Azim Hashimi	3	Shah Naveed Saeed	3
Hasan Saqib	1	Waseem Kazmi	1
Jamal Abdul Nasir Usmani	2		

* Nominated from AGP and retired

** Nominated from CGA after 2nd meeting of the Committee

EDUCATION AND TRAINING COMMITTEE**Meetings Held (4)**

Name	Attended	Name	Attended
Ahmed Saeed	4	Mutee-ur-Rehman Mirza	2
Adnan Zaman	4	Nadeem Yousuf Adil	4
Abdul Rashid	2	Naeem Akhtar Sheikh	3
Arif Methani	4	Naveed Hasan Syed	4
Dr. Waqar Masood Khan	4	Pervez Muslim	4
Fazal Hussain Saifee	3	Rafaqatullah Babar	3
Hafiz Mohammad Yousaf	2	Rashid Ibrahim	4
Kalim Rehmani	3	Rashid Rahman Mir	3
Muhammad Ibrahim	4	Syed Fahim ul Hasan	4
Mukhtar Hussain Jaffery	4		

CONTINUING PROFESSIONAL DEVELOPMENT COMMITTEE**Meetings Held (2)**

Name	Attended	Name	Attended
Naeem Akhtar Sheikh	2	Mustafa Ahmed	2
Muhammad Azam Sheikh	1	Nadeem Kamal Mustafa Khan	1
Babar Ali Hashmi	1	Rashid Ibrahim	0
Bushra Aslam	2	Rashid Jahangir	0
Faisal Khawaja Iqbal	1	Riaz A. Rehman Chamdia	1
Fariduddin Ahmad	0	Shibli Islam Rehan	1
Haseeb Ahmad	2	Tabish Sharif	2
Mehmood	2	Tahir Hussain Qureshi	0
Muhammad Farid Alam	1	Yacoob Suttar	2
Muhammad Nayyar Aqib	1		

SMALL & MEDIUM PRACTICES COMMITTEE**Meetings Held (6)**

Name	Attended	Name	Attended
Nazir Ahmad Chaudhri	6	M. Yaqub	6
Ejaz Hussain Rathore	5	Majeed Uddin Khan	4
Farrukh Virqaruddin Junaidy	2	Oliver Peter Pervez	4
Fazal Mahmood	2	Syed Mohammad Rehan	5
Kausar Ali Fecto	4	Zafar Iqbal	3

**PROFESSIONAL STANDARDS AND TECHNICAL
ADVISORY COMMITTEE**
Meetings Held (2)

Name	Attended	Name	Attended
Zahid Iqbal Bhatti	2	Nadeem Yousuf Adil	1
A. Husain A. Basrai	2	Pervez Muslim	2
Abdul Aziz	0	Rashid Rahman Mir	2
Aftab Ahmad	1	Shaikh Saqib Masood	2
Ahmed Dawood Patel	2	Syed Asad Ali Shah	1
Ayaz Ahmed	1	Syed Mohammad Shabbar Zaidi	2
Hafiz Mohammad Yousaf	1	Yacoob Suttar	0
Mujahid Eshai	0		

AUDITING STANDARDS COMMITTEE
Meetings Held (2)

Name	Attended	Name	Attended
Pervez Muslim	2	Muhammad Nadeem Shahab	2
Basharat Rasool	1	Shahzada Saleem	1
Farrukh Rehman	2	Shariq Ali Zaidi	2
Haroon Tabraze	2	Shibli Islam Rehan	2
Irfan Rehman Malik	1	Syed Aftab Hameed	1
Mohammad Abdullah Yusuf	1	Usman Ghani Akbani	1
Muhammad Kamran Nasir	2		

ICAP BENEVOLENT FUND
Meetings Held (7)

Name	Attended	Name	Attended
Khaliq-ur-Rahman	7	Mohammed Rafiuddin Hyder	6
Abdulwahid	5	Muhammad Ahmad Shahid	0
Altaf Noor Ali	7	Muhammad Nasir Munir	1
Asif Anwer Karim	1	Rana Muhammad Usman Khan	2
Iftikhar Taj*	2	Rashid Ibrahim	4
Irfan Ilyas	3	Rashid Masood Alam	7
Liaqat Ali Naz	3	Ravi Shankar	2
Majeed Uddin Khan	6	Yunus Haji Isa Dada	1

*Co-opted on 26-Mar-10

ACCOUNTING STANDARDS COMMITTEE**Meetings Held (4)**

Name	Attended	Name	Attended
Rashid Rahman Mir	4	Muddassar Mehmood	2
Abdul Aleem	4	Muhammad Uzair	4
Abdullah Fahad Masood	3	Muhammad Zulfikar Akhtar	3
Abdul Rashid	0	Naeem Ahsan	1
Asad Siddiqi	0	Naresh Kumar	3
Faisal Latif	3	Raheel Abbas Rizvi	0
Hena Irfan	3	Shabbir Yunus	2
Irfan Illyas	2	Syed Iftikhar Anjum	3
Ishtiaq Ahmad Rana	2	Talat Javed	3
Mohammad Almas	1	Tariq Bakhtawar	0
Mohammed Asif Mehdi Rizvi	2	Waqas Aftab Sheikh	2

TECHNICAL ADVISORY COMMITTEE**Meetings Held (5)**

Name	Attended	Name	Attended
Hafiz Mohammad Yousaf	5	Omer Chughtai	3
Abbas	4	Rana Muhammad Usman Khan	5
Abdul Qadeer	3	Rashid Ibrahim	1
Fazal Mahmood	4	Sayed Bakhtiyar Kazmi	1
Hassan Nazir	1	Shahzad Ali	5
Imran Bashir	4	Shakaib Arif	5
Khan Mohammad	3	Shoaib Amin Ghazi	4
Mohammad Almas	5	Syed Najmul Hussain	2
Muddassar Mehmood	5	Zulfikar Ali Causer	3
Muhammad Tufail Salariya	5		

HR COMMITTEE**Meetings Held (7)**

Name	Attended	Name	Attended
Abdul Rahim Suriya	7	Naeem Akhtar Sheikh	6
Abdullah Yusuf	7	Shaikh Saqib Masood	6
Pervez Muslim	7		

COMMITTEE ON FINANCIAL SECTOR**Meetings Held (4)**

Name	Attended	Name	Attended
Shaikh Saqib Masood	4	Rashid Jahangir	2
Aamir Sattar	1	Salman Hussain	4
Ahsan Ghaffar Mehanti	4	Shabbir Hamza Khandwala	2
Arslan Khalid	3	Syed Faraz Anwer	4
Ayaz Ahmed	3	Syed Iftikhar Anjum	4
Dr. Waqar Masood Khan	0	Syed Liaquat Ali	1
Fazal H.A. Gafoor	3	Tahir Hassan Qureshi	1
Kamran Hafeez	3	Yameen Kerai	3
Muhammad Ahmed Ghazali Marghoob	1	Zeeshan Ghulam Muhammad	3
Nadeem Yousuf Adil	4		

**COMMITTEE ON ACCOUNTING AND AUDITING STANDARDS
FOR INTEREST FREE MODES OF FINANCING AND INVESTMENT****Meetings Held (5)**

Name	Attended	Name	Attended
Ebrahim Yacoob Sidat	5	Omar Mustafa Ansari	5
Ahmed Shuja Kidwai	3	Pervez Said	1
Anwar Ahmed Meenai	4	Saleem Ullah**	1
Aziz Adil	5	Syed Amir Ali	1
Majeed Uddin Khan*	3	Syed Iftikhar Anjum	3
Mufti Ehsan Waquar Ahmad	4	Syed Sajid Ali	1
Mufti Mohammad Najeeb Khan	4	Zahid Iqbal Bhatti*	3
Mufti Muhammad Zubair Usmani	3	Zulfikar Khokhar	2

* Co-opted from the 2nd meeting of the Committee

** Nominated from State Bank of Pakistan on February 22, 2010.

ECONOMIC ADVISORY COMMITTEE**Meetings Held (2)**

Name	Attended	Name	Attended
Mohammad Abdullah Yusuf	2	Syed Asad Ali Shah	1
Ali Omer Golam Morshed	2	Syed Masoud Ali Naqvi	1
Asad Omar*	0	Syed Mohammad Shabbar Zaidi	1
Dr. Waqar Masood Khan	2	Zafar A. Khan	0
Muhammad Farid Alam	1	Zeeshan	2
Shahid Jamal Kazi	2	Zubair Motiwala	1

* Resigned from the Committee just after 1st meeting.

COMMITTEE ON TAXATION**Meetings Held (4)**

Name	Attended	Name	Attended
Shaikh Saqib Masood	3	Khalid Majid	2
Adnan Ahmad Mufti	2	Mehmood	4
Adnan Zaman	4	Mohammad Arif Ashraf	4
Ali Raza Kirmani	2	Mohammad Mansha	3
Asim Zulfiqar Ali	0	Mohammad Saleem	2
Farrukh Vigaruddin Junaidy	3	Muhammad Iqbal Ahmed	3
Habib Fakhruddin	3	Naeem Akhtar Sheikh	3
Haider Ali Patel	4	Nasim Hyder	1
Hasan Rahman	3	Syed Mohammad Shabbar Zaidi	3
Jalal Ahsan	4		

PROFESSIONAL ACCOUNTANTS IN BUSINESS COMMITTEE**Meetings Held (5)**

Name	Attended	Name	Attended
Adamjee Yacoob	4	Mustafa Ahmed	1
Babar Ali Hashmi	3	Shahid Amin	2
Enver Al Farzan	1	Syed Amir Ali	4
Khalilullah Sheikh	1	Shahid J. Kazi	4
Khursheed Kotwal	4	Siraj Lawai	3
M. Ali Ashraf	4	Syed Farrukh Mazhar	1
M. Irfan Amanullah	4	Yacoob Suttar	5
Murtaza Ahmed Ali	1		

PUBLICATIONS COMMITTEE**Meetings Held (2)**

Name	Attended	Name	Attended
Adnan Zaman	2	Jehan Zeb Amin	2
Abdul Rashid	1	M. Amir Afzal Rana	1
Abdulwahid	1	Muhammad Fahim A. Rauf	2
Adnan Ahmad Mufti*	1	Muhammad Rehan Razzak	1
Aijaz Ahmed Bijarani	1	Mutee-ur-Rehman Mirza	1
Altaf Noor Ali	2	Omar Mustafa Ansari	2
Asad Feroze	1	Raheel Abbas Rizvi	1
Hena Irfan	1		

* Resigned from the Committee just after 1st meeting.

Financial Highlights

Six Year Comparative Data

Rupees in million

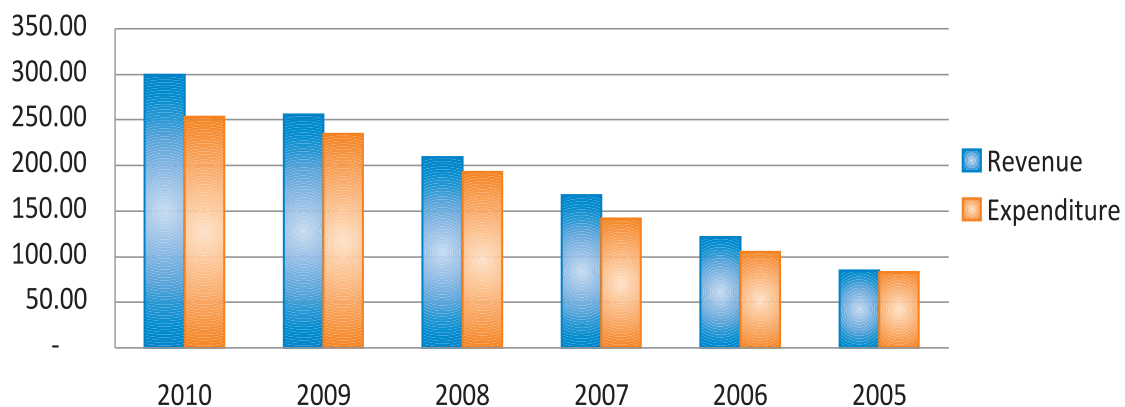
	2010	2009	2008	2007	2006	2005
Financial position						
General Fund	202.90	168.58	151.63	135.96	127.36	126.73
Building Fund	16.00	16.00	16.00	16.00	16.00	-
Specific Funds	4.29	4.24	3.92	3.71	3.64	3.38
Endowment Funds	55.54	40.34	25.78	20.00	-	-
Property, plant and equipment	160.26	160.63	144.84	112.71	102.93	92.61
Long term assets	72.16	43.07	15.93	29.98	27.12	21.54
Current assets	94.59	87.86	93.98	70.79	41.92	35.59
Current liabilities	48.26	62.40	57.42	37.82	24.98	19.63
Net current assets	46.33	25.45	36.56	32.97	16.95	15.96
Cash flows						
Operating activities	37.60	54.61	47.63	39.16	25.52	7.20
Investing activities	11.87	(59.40)	(48.92)	(41.28)	(15.59)	(30.99)
Changes in cash and cash equivalent	49.46	(4.78)	(1.29)	(2.10)	9.93	(23.79)
Cash & cash equivalent - Year end	67.13	17.66	22.45	23.73	25.84	15.91

Rupees in million

	2010	2009	2008	2007	2006	2005
Income & Expenditure						
Revenue	298.60	255.38	208.46	166.87	120.97	84.09
Expenditure	253.27	234.43	192.79	141.26	104.34	82.86
Operating surplus	45.33	20.95	15.67	25.61	16.63	1.23

6 Years Revenues & Expenditures

(Rupees in million)

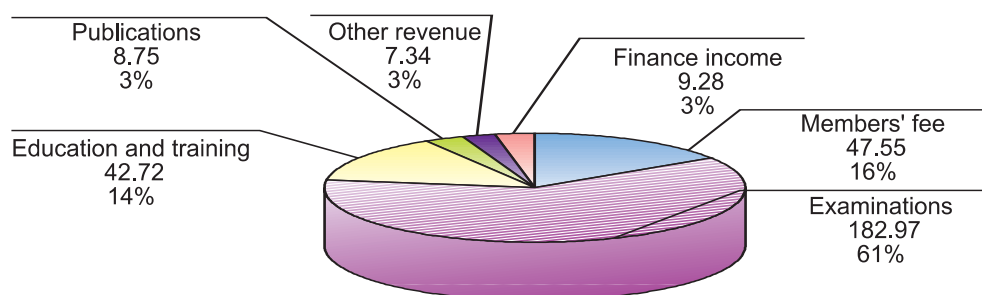


Financial Highlights

Pie Chart Presentation of Revenue

Revenue 2010

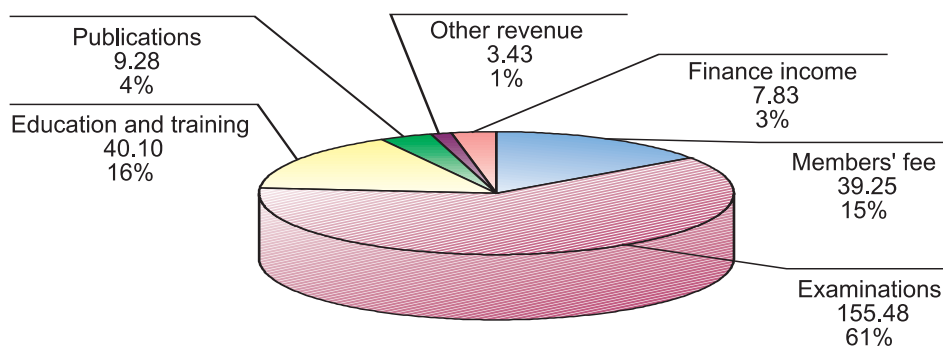
(Rupees in million)



■ Members' fee ■ Examinations ■ Education and training ■ Publications ■ Other revenue ■ Finance income

Revenue 2009

(Rupees in million)

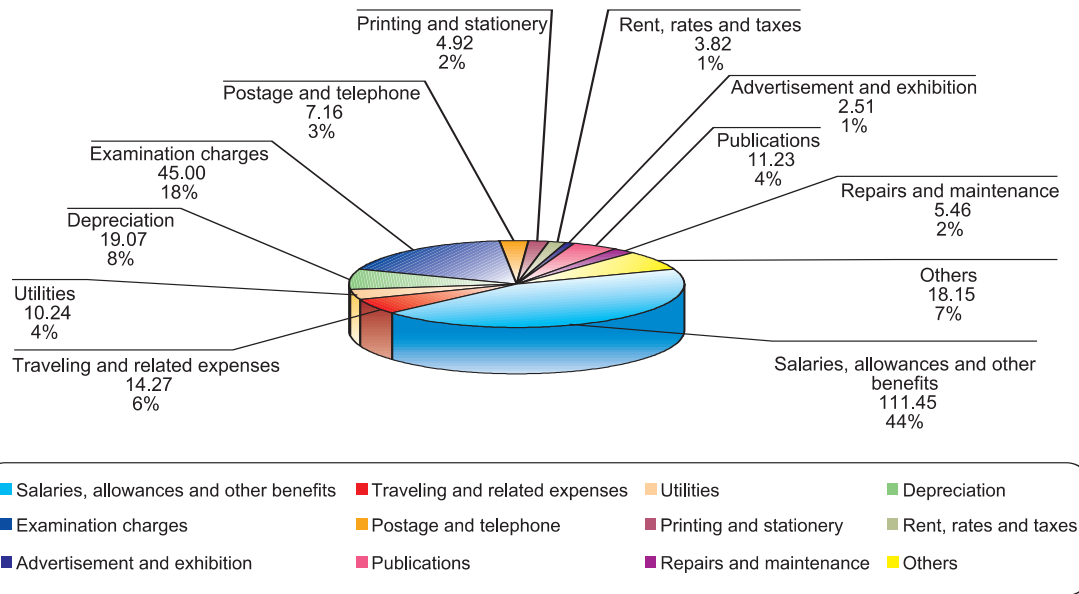


■ Members' fee ■ Examinations ■ Education and training ■ Publications ■ Other revenue ■ Finance income

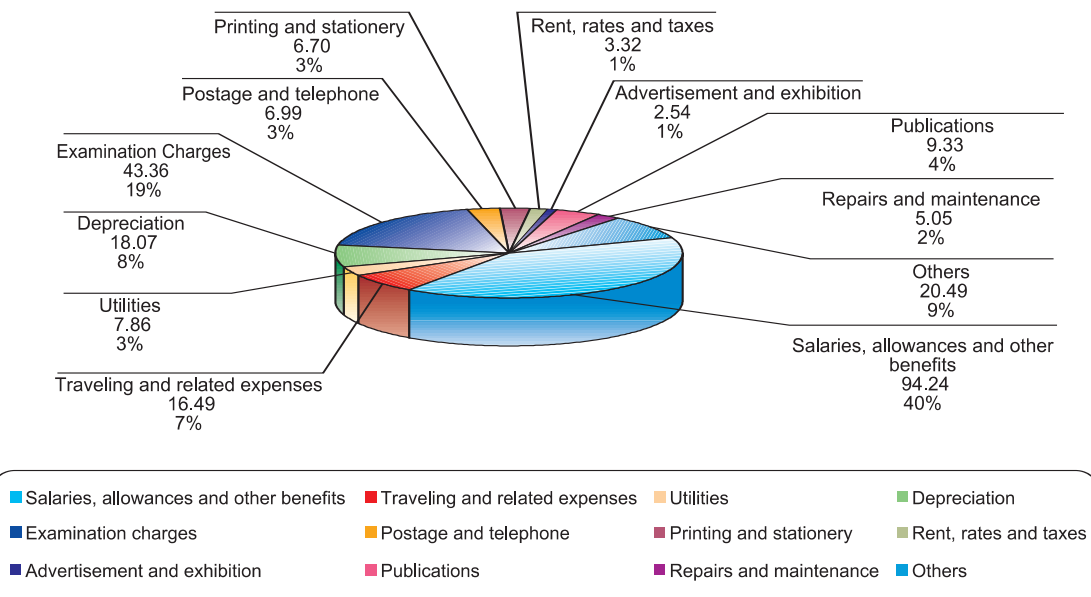
Financial Highlights

Pie Chart Presentation of Expenditure

Expenditure 2010
(Rupees in million)



Expenditure 2009
(Rupees in million)



Financial Highlights

Vertical Analysis

Rupees in million

	2010	%	2009	%	2008	%	2007	%
Income & Expenditure								
Revenue	298.60	100	255.38	100	208.46	100	166.87	100
Expenditure	253.27	85	234.43	92	192.79	92	141.26	85
Operating surplus	45.33	15	20.95	8	15.67	8	25.61	15
Funds								
General Fund	202.91	73	168.58	73	151.63	77	135.96	78
Building Fund	16.00	6	16.00	7	16.00	8	16.00	9
Specific Funds	4.29	1	4.23	2	3.92	2	3.71	2
Endowment Funds	55.54	20	40.34	18	25.78	13	20.00	11
Total	278.74	100	229.15	100	197.33	100	175.67	100
Assets & Liabilities								
Property, plant and equipment	160.26	57	160.63	70	144.84	73	112.71	64
Other Long term assets	72.16	26	43.06	19	15.93	8	29.98	17
Current assets	94.58	34	87.86	38	93.98	48	70.79	40
Current liabilities	(48.26)	(17)	(62.40)	(27)	(57.42)	(29)	(37.81)	(21)
Net assets	278.74	100	229.15	100	197.33	100	175.67	100

Financial Highlights

Horizontal Analysis

Rupees in million

	2010	Change over preceding year (%)	2009	Change over preceding year (%)	2008	Change over preceding year (%)	2007
Income & Expenditure							
Revenue	298.60	17	255.38	23	208.46	25	166.87
Expenditure	253.27	8	234.43	22	192.79	36	141.26
Operating surplus	45.33	116	20.95	34	15.67	(39)	25.61
Funds							
General Fund	202.91	20	168.58	11	151.63	12	135.96
Building Fund	16.00	-	16.00	-	16.00	-	16.00
Specific Funds	4.30	2	4.23	8	3.92	6	3.71
Endowment Funds	55.54	38	40.34	56	25.78	29	20.00
Total	278.75	22	229.15	16	197.33	12	175.67
Assets & Liabilities							
Property, plant and equipment	160.26	(0)	160.63	11	144.84	29	112.71
Long term assets	72.16	68	43.06	170	15.93	(47)	29.98
Current assets	94.58	8	87.86	(7)	93.98	33	70.79
Current liabilities	(48.26)	(23)	(62.40)	9	(57.42)	52	(37.81)
Net assets	278.74	22	229.15	16	197.33	12	175.67

Financial Highlights

Detail of Traveling and Related Expenses

	2010 Rupees	2009 Rupees
OVERSEAS TRAVELING		
International Federation of Accountants (IFAC)		
Members of the council	2,406,811	2,756,718
Members of the committees	683,977	-
Staff of the Institute	272,999	271,702
	3,363,787	3,028,420
Confederation of Asian and Pacific Accountants (CAPA)		
Members of the council	488,479	551,179
Members of the committees	582,329	-
	1,070,808	551,179
South Asian Federation of Accountants (SAFA)		
Members of the council	719,323	1,650,258
Members of the committees	392,139	804,993
Staff of the Institute	170,121	767,719
	1,281,583	3,222,970
International Innovation Network (IIN)		
Members of the council	352,866	210,413
Staff of the Institute	-	297,938
	352,866	508,351
Others		
Members of the council	360,004	943,490
Members of the committees	525,969	43,500
Staff of the Institute	516,004	544,919
	1,401,977	1,531,909
LOCAL TRAVELING		
Members of the council	4,813,123	3,213,297
Members of the committees	520,945	1,425,150
Staff of the Institute	1,464,782	3,008,320
	6,798,850	7,646,767
	<u>14,269,871</u>	<u>16,489,596</u>

Qasim E. Causer
Chartered Accountant
2nd 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

Introduction

We have audited the accompanying financial statements of THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN, (the Institute) which comprises the balance sheet as at June 30, 2010, and the related statement of comprehensive income, statement of cash flows and statement of changes in funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies stated in note 2 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

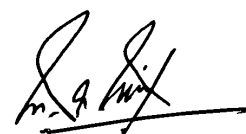
Opinion

In our opinion the financial statements give a true and fair view of the financial position of the Institute as of June 30, 2010 and of its financial performance, its cash flows and changes in funds for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements.



Qasim E. Causer
Chartered Accountant

Karachi
July 24, 2010



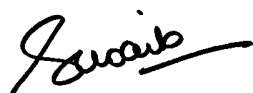
Muhammad Afzal Munif
Chartered Accountant

Balance Sheet

As At June 30, 2010

	Note	2010 Rupees	2009 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	3	160,258,022	160,631,708
Intangible assets	4	1,971,126	1,078,314
Investments	5	13,377,398	10,008,274
Loans and deposits	6	9,642,081	10,130,233
Assets relating to Specific Funds	7	2,506,858	1,056,697
Assets relating to Endowment Funds	8	44,661,650	20,794,253
		232,417,135	203,699,479
CURRENT ASSETS			
Stock of publications and souvenirs		3,073,220	1,731,635
Short term investments	9	55,482,468	45,462,168
Assets relating to Specific Funds	10	1,787,506	3,178,873
Assets relating to Endowment Funds	11	10,882,081	19,545,883
Loans, advances, prepayments and other receivables	12	10,232,881	7,275,288
Cash and bank balances	13	13,128,777	10,664,369
		94,586,933	87,858,216
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	14	21,065,808	15,714,072
Fees and charges received in advance	15	25,474,120	44,458,122
Due to Benevolent Fund	16	1,721,319	2,231,602
		48,261,247	62,403,796
NET CURRENT ASSETS			
		46,325,686	25,454,420
CONTINGENCIES			
	17	278,742,821	229,153,899
FINANCED BY:			
General Fund		202,904,726	168,578,193
Building Fund		16,000,000	16,000,000
Specific Funds		4,294,364	4,235,570
Endowment Funds		55,543,731	40,340,136
		278,742,821	229,153,899

The annexed notes from 1 to 34 form an integral part of these financial statements.



SECRETARY



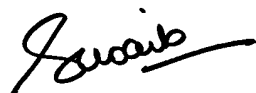
PRESIDENT

Statement of Comprehensive Income

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
INCOME			
Members' subscription	18	47,548,455	39,252,907
Eamination and other fee	19	182,966,446	155,484,975
Education and training related fee	20	42,723,517	40,099,200
Publications	21	8,746,999	9,275,514
Other operating income	22	7,338,646	3,434,786
		289,324,063	247,547,382
EXPENDITURE			
Salaries, allowances and other benefits	23	111,450,745	94,243,764
Examination charges		45,001,458	43,362,220
Depreciation		19,071,723	18,066,947
Traveling and related expenses	24	14,269,871	16,489,596
Publications		11,232,486	9,330,412
Utilities		10,235,067	7,857,163
Postage and telephone		7,158,414	6,992,957
Repairs and maintenance		5,457,274	5,054,237
Printing and stationery		4,915,494	6,696,163
Rent, rates and taxes		3,816,021	3,315,493
Advertisement and exhibition		2,511,784	2,535,187
Others	25	18,154,232	20,490,306
		253,274,569	234,434,445
Excess of income over expenditure before finance income		36,049,494	13,112,937
Finance income	26	9,277,039	7,832,261
Excess of income over expenditure for the year		45,326,533	20,945,198
Other comprehensive income		-	-
Total comprehensive income for the year transferred to General Fund		45,326,533	20,945,198

The annexed notes from 1 to 34 form an integral part of these financial statements.



SECRETARY



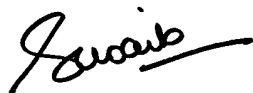
PRESIDENT

Statement of Cash Flows

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from:			
Membership		44,870,343	39,314,915
Examination		166,387,792	161,891,970
Training		42,723,517	38,259,200
Publication		8,535,139	8,952,710
Facilities and miscellaneous		17,372,809	3,785,749
Donations for Student Endowment Fund		506,500	11,541,750
		280,396,100	263,746,294
Cash paid to:			
Employees		107,941,527	94,096,523
Benevolent Fund and Regional Committees		458,897	2,187,147
Professional bodies		2,191,919	1,739,184
Property tax		799,255	799,233
Suppliers and vendors		131,407,490	110,311,021
		242,799,088	209,133,108
		37,597,012	54,613,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments (ICAP - net)		35,000,000	(22,800,000)
Investments (Endowment Fund)		(11,000,000)	(15,676,000)
Purchase of operating fixed assets		(22,163,703)	(33,374,501)
Proceeds from sale of operating fixed assets		2,150,149	2,300,492
Income received from investments		7,745,660	10,878,932
Long term loans and deposits recovered		497,610	252,036
Long term loans and deposits paid		(362,320)	(976,430)
		11,867,396	(59,395,471)
Net increase / (decrease) in cash and cash equivalents		49,464,408	(4,782,285)
Cash and cash equivalents at the beginning of the year		17,664,369	22,446,654
Cash and cash equivalents at the end of the year	27	67,128,777	17,664,369

The annexed notes from 1 to 34 form an integral part of these financial statements.



SECRETARY



PRESIDENT

Statement of Changes in Funds

For The Year Ended June 30, 2010

	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 June 30, 2008	151,632,995	16,000,000	806,926	2,527,361	584,925	20,407,819	5,373,476	197,333,502	
Bank charges	-	-	(55)	-	-	-	-	(55)	
Disbursements to students	-	-	-	-	-	(4,248,050)	-	(4,248,050)	
Books for libraries	-	-	-	-	-	-	(166,288)	(166,288)	
(Paid) / payable to the 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 Students' Endowment Fund	(4,000,000)	-	-	-	-	4,000,000	-	-	
Transferred from statement of comprehensive income	20,945,198	-	-	-	-	-	-	20,945,198	
Balance as at June 30, 2009	168,578,193	16,000,000	806,871	2,843,774	584,925	34,500,159	5,839,977	229,153,899	
Bank charges	-	-	(499)	(83)	-	-	-	(582)	
Gold medal expenditure	-	-	-	(210,601)	-	-	-	(210,601)	
Disbursements to students	-	-	-	-	-	(5,183,992)	-	(5,183,992)	
Books for libraries	-	-	-	-	-	-	(316,557)	(316,557)	
(Paid) / payable to the Institute	-	-	-	(70,291)	-	3,197,725	-	3,127,434	
Profit earned on investments	-	-	-	340,268	-	5,303,596	696,323	6,340,187	
Donations received	-	-	-	-	-	506,500	-	506,500	
Transferred to Students' Endowment Fund	(11,000,000)	-	-	-	-	11,000,000	-	-	
Transferred from statement of comprehensive income	45,326,533	-	-	-	-	-	-	45,326,533	
Balance as at June 30, 2010	202,904,726	16,000,000	806,372	2,903,067	584,925	49,323,988	6,219,743	278,742,821	

The annexed notes from 1 to 34 form an integral part of these financial statements.



SECRETARY



PRESIDENT

Notes to the Financial Statements

For The Year Ended June 30, 2010

1 THE INSTITUTE AND ITS OPERATIONS

The Institute of Chartered Accountants of Pakistan (the Institute) 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 SUMMARY OF 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 the 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, which are carried at amortised cost, as stated in note 2.5.

c) Standards, interpretations and amendments to approved accounting standards that are 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
IFRS 1	First-time adoption of International Financial Reporting Standards - Additional Exemption for first-time adopters (Amendments)	January 1, 2010
IFRS 1	First time adoption of International Financial Reporting Standards - Limited Exemption from Comparatives. IFRS 7 Disclosures for first-time adopters	July 1, 2010

Notes to the Financial Statements

For The Year Ended June 30, 2010

Standard or interpretation	Effective date
IFRS 2 Group Cash-settled Share-based Payment Arrangements	January 1, 2010
IFRS 9 Financial Instruments	January 1, 2013
IAS 24 Related Party Disclosures (Revised)	January 1, 2011
IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendments)	February 1, 2011
IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)	January 1, 2011
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010

The Institute expects that the adoption of the above standards and interpretations will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after January 1, 2010. The Institute expects that such improvements to the standards will not have any material impact on the Institute's financial statements in the period of initial application.

d) Standards or interpretations effective in 2009 but not relevant to the Institute

The following standards and interpretations are effective for financial periods beginning on or after July 1, 2009 but are either not relevant or do not have any effect / material effect on the financial statements of the Institute:

IFRS 1	First-time Adoption of International Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
IFRS 2	Share-based payment - Vesting Conditions and Cancellations (Amendment)
IFRS 3	Business Combinations (Revised)
IFRS 8	Operating Segments
IAS 23	Borrowing Costs (Revised)
IAS 27	Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
IAS 27	Consolidated and Separate Financial Statements (Amendment)

Notes to the Financial Statements

For The Year Ended June 30, 2010

- IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments)
- IAS 39 Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendment)
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

e) Change in accounting policies and disclosures

IAS 1

(Revised) 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. In addition to this, the standard has also revised the names of certain components of the financial statements. These revisions only impact the presentation of financial statements.

f) 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The areas where various assumptions were exercised in application of accounting policies that are significant to the financial statements are as follows:

- i. Assumptions and estimations used in accounting for a defined benefit plan (note 14.2)
- ii. Assumptions and estimations used in determining the recoverable amounts, useful lives and residual values of property, plant and equipment (note 3.2).
- iii. Assumptions and estimations used in accounting for provision against interest free education loans (notes: 6 and 7).

Notes to the Financial Statements

For The Year Ended June 30, 2010

g) Functional and presentation currency

These financial statements are presented in Pakistan rupees, which is the functional and presentation currency for the Institute.

2.2 Property, plant and equipment

Operating assets are stated at cost less accumulated depreciation and impairment, if any, 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.

Land acquired free of cost is accounted for at a nominal value as per guidelines for Accounting and Financial Reporting by Non-Government organizations (NGOs)/ Non-profit organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan.

The assets' residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values, useful lives and methods is recognised prospectively as a change of accounting estimate.

The carrying values of operating fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of operating fixed assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the year the asset is derecognised.

Maintenance and normal repairs are charged to statement of comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

2.3 Intangible asset

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

Notes to the Financial Statements

For The Year Ended June 30, 2010

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of intangible assets is the greater of net selling price and value in use.

2.4 Interest free education loan (IFEL)

These are stated at cost less an allowance for incollectable amounts, if any. 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 realisable value. Cost is determined on first-in first-out basis.

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

2.7 Revenue recognition

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

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

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

Profit on savings account is recognised on effective yield basis.

2.8 Staff retirement benefits

i) Defined benefit plan

The Institute operates a recognised funded gratuity scheme in respect of all of its eligible employees. Provision is made annually, to cover obligations under the scheme, by way of charge to statement of comprehensive income, calculated in accordance with the actuarial valuation. The scheme is non contributory i.e. the employees do not make contribution in this scheme. The most recent valuation in this regard was carried out as at June 30, 2010, using the Projected Unit Credit Method.

Notes to the Financial Statements

For The Year Ended June 30, 2010

The scheme entitles the members to a gratuity payable on attainment of the normal retirement age, voluntary retirement, death in service of the employer or termination of service by the employer other than for misconduct, negligence or incompetence.

Minimum service requirement for the entitlement of gratuity is one year.

The defined benefit plan liability is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, with the adjustment for actuarial gains and losses and past service costs.

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses as of the beginning of the period exceed 10% of the defined benefit obligation except for compensated absences. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

ii) Defined contribution plan

The Institute also operates an approved contributory Provident Fund for all its permanent eligible employees to which equal monthly contributions are made, both by the Institute and the employees, at the rate of 10% of the basic salary.

2.9 Creditors, accrued and other liabilities

Liabilities for creditors 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 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 the Institute from its surplus as well as amounts received from other organisations.

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 rates approximating those ruling on the date of the transaction.

Notes to the Financial Statements

For The Year Ended June 30, 2010

Monetary assets and liabilities in foreign currencies are translated at the spot rates of exchange prevailing on the balance sheet date. Gains and losses on translation are taken to statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of the initial transaction.

2.12 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Institute becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to statement of comprehensive income.

Financial assets are derecognised at the time when the Institute loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on derecognition of financial assets and financial liabilities are taken to statement of comprehensive income and expenditure currently.

2.13 Provisions

Provisions are recognised 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 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.

	Note	2010 Rupees	2009 Rupees
3 PROPERTY, PLANT AND EQUIPMENT			
Leasehold land - Preedy Street, Karachi	3.1	18,233	18,233
Operating fixed assets	3.2	160,239,789	160,613,475
		<u>160,258,022</u>	<u>160,631,708</u>

3.1 Leasehold land - Preedy Street, Karachi

The Institute's leasehold land at Preedy Street, Karachi, is occupied by Squatters. The Institute has formed a task force, which is currently trying to find a way forward in this regard.

Notes to the Financial Statements

For The Year Ended June 30, 2010

3.2 Operating Fixed Assets

The following is a statement of operating fixed assets:

Description	Note	Leasehold land	Freehold land	Buildings on leasehold land	Building on freehold land	Air conditioning plant	Generators	Electric fittings and appliances	Furniture & Fixtures	Vehicles	Office Equipment	Total
Rupees												
As at July 1, 2008												
Cost		1,601,450	4,581,500	81,919,082	15,509,702	482,766	6,104,854	27,937,904	20,667,456	23,554,126	21,413,087	203,771,927
Accumulated depreciation		-	-	20,667,664	4,867,428	375,195	1,902,860	7,211,092	6,164,868	7,710,452	10,047,494	58,947,053
Net book value		1,601,450	4,581,500	61,251,418	10,642,274	107,571	4,201,994	20,726,812	14,502,588	15,843,674	11,365,593	144,824,874
Net carrying value basis												
Year ended June 30, 2009												
Opening net book value		1,601,450	4,581,500	61,251,418	10,642,274	107,571	4,201,994	20,726,812	14,502,588	15,843,674	11,365,593	144,824,874
Additions		-	-	7,127,664	540,456	-	31,420	8,153,642	2,032,646	9,545,450	9,443,686	36,874,966
Transfers in/ (Transfers out)		-	-	(198,069)	(528,650)	-	-	656,853	(3,757)	-	73,622	-
Deletions:		-	-	-	-	(482,766)	(251,354)	(1,254,806)	(1,731,070)	(4,072,000)	(1,816,622)	(9,608,618)
Cost		-	-	-	-	(388,985)	(178,205)	(1,054,012)	(1,146,638)	(2,265,738)	(1,559,018)	(6,592,596)
Depreciation		-	-	-	-	(93,781)	(73,149)	(200,794)	(584,432)	(1,806,262)	(257,604)	(3,016,022)
Depreciation charged for the year		-	-	2,388,062	309,510	13,790	628,506	4,548,265	2,327,734	3,734,007	4,120,471	18,070,345
Net book value as at June 30, 2009		1,601,450	4,581,500	65,792,952	10,344,572	-	3,531,759	24,788,248	13,619,311	19,848,855	16,504,828	160,613,475
Gross carrying value basis												
As at June 30, 2009												
Cost		1,601,450	4,581,500	88,848,678	15,521,510	-	5,884,920	35,493,593	20,965,275	29,027,576	29,113,775	231,038,277
Accumulated depreciation		-	-	23,055,726	5,175,938	-	2,353,161	10,705,345	7,345,964	9,178,721	12,609,947	70,424,802
Net book value as at June 30, 2009		1,601,450	4,581,500	65,792,952	10,344,572	-	3,531,759	24,788,248	13,619,311	19,848,855	16,504,828	160,613,475
Net carrying value basis												
Year ended June 30, 2010												
Opening net book value		1,601,450	4,581,500	65,792,952	10,344,572	-	3,531,759	24,788,248	13,619,311	19,848,855	16,504,828	160,613,475
Additions		-	-	1,672,250	312,260	-	-	3,413,420	100,813	9,663,681	5,696,533	20,858,956
Deletions:		-	-	-	-	-	-	-	-	-	-	-
Cost		-	-	-	-	-	-	-	-	(4,965,549)	(205,275)	(5,170,824)
Depreciation		-	-	-	-	-	-	-	-	(2,889,840)	(120,063)	(3,009,903)
Depreciation charged for the year		-	-	3,339,756	530,833	-	529,764	4,047,639	1,383,247	4,779,007	4,461,477	19,071,723
Net book value as at June 30, 2010		1,601,451	4,581,500	64,125,446	10,125,999	-	3,001,995	24,154,029	12,336,877	22,657,820	17,854,672	160,239,789
Gross carrying value basis												
As at June 30, 2010												
Cost		1,601,451	4,581,500	90,520,928	15,833,770	-	5,884,920	38,907,013	21,066,088	33,725,708	34,605,033	246,726,411
Accumulated depreciation		-	-	26,395,482	5,707,771	-	2,882,925	14,752,984	8,729,211	11,067,888	16,950,361	86,486,622
Net book value as at June 30, 2010		1,601,451	4,581,500	64,125,446	10,125,999	-	3,001,995	24,154,029	12,336,877	22,657,820	17,854,672	160,239,789
Annual rate of depreciation (%)												
2009		-	-	5	5	15	15	15	10 - 20	20	15 - 33	
2010		-	-	5	5	-	15	15	10 - 20	20	15 - 33	

3.2.1 The cost of leasehold land includes a plot measuring 600 square yards recorded at a nominal value of Rs. 1 which has been gifted to the Institute for the purposes of constructing ICAP offices, a library, examination centre, class rooms, auditorium and other similar activities. The plot of land has been gifted to the Institute by one of the senior members and has been recognized as a donation (note 22.2) in the financial statements. The land is located at C-1, Government Teachers Cooperative Housing Society, Sector 16-A, Scheme 33, Gulzar-e-Hijri, Karachi. The title to the plot was transferred to the Institute through an allotment letter dated March 21, 2010. However, matters relating to the execution of the sub lease of the said property is in the process of completion. The subject plot of land has been gifted on the condition that it cannot be disposed off by the Institute.

Notes to the Financial Statements

For The Year Ended June 30, 2010

3.3 Statement of disposals of operating fixed assets

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Particulars of purchaser	Mode of Disposal
Vehicles							
Suzuki Cultus	593,206	299,400	293,806	293,806	-	Kashif Malik - Employee ICAP, Karachi	Sale as per Institute's policy on written down value
Suzuki Cultus	597,039	300,166	296,873	296,873	-	Faheem Siddiqui - Employee ICAP, Karachi	
Suzuki Cultus	598,110	292,487	305,623	305,623	-	S.M. Taqui Hussain - Ex. Employee ICAP, Islamabad	
Suzuki Alto	496,000	333,111	162,889	162,889	-	Shahzad Niaz - Employee ICAP, Karachi	
Suzuki Alto	496,000	333,111	162,889	162,889	-	Samina Rasul - Employee ICAP, Karachi	
Suzuki Alto	496,000	333,111	162,889	162,889	-	Mahmood Ahmad - Employee ICAP, Karachi	
Suzuki Alto	496,000	333,111	162,889	162,889	-	Andleeb Bhojani - Employee ICAP, Karachi	
Suzuki Cultus	594,988	329,658	265,330	265,330	-	Shoaib Ahmad - Employee ICAP, Karachi	
Suzuki Cultus	598,206	335,685	262,521	262,521	-	Mohammad Irfan Ghaziani - Employee ICAP, Karachi	
Office equipment							
Laptop	69,000	43,228	25,772	15,000	(10,772)	M/s Reboot (Private) Limited, Karachi	Negotiation
Laptop	69,000	44,875	24,125	24,125	-	Moiz Ahmad - Ex. Employee ICAP, Karachi	Negotiation
Laptop	67,275	31,960	35,315	35,315	-	Muhammad Asif Iqbal - Ex. Employee ICAP, Karachi	Negotiation
	5,170,824	3,009,903	2,160,921	2,150,149	(10,772)		

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
4 INTANGIBLE ASSET			
Computer software			
Cost as on July 1		1,832,980	2,206,561
Additions during the year		1,304,745	691,717
Written-off during the year		-	(1,065,298)
Cost as on June 30		3,137,725	1,832,980
Amortisation as on July 1		(754,666)	(1,342,516)
Adjustment during the year		-	1,043,385
Amortised during the year		(411,933)	(455,535)
Amortisation as on June 30		(1,166,599)	(754,666)
		<u>1,971,126</u>	<u>1,078,314</u>
5 INVESTMENTS			
Special saving certificates - Held to maturity	5.1	<u>13,377,398</u>	<u>10,008,274</u>
5.1 These represent investments in Special Saving Certificates, having an aggregate face value of Rs. 12 million (2009: Rs. 10 million). These have been placed for a term of 3 years, carrying profit at rates ranging between 13.48% and 13.57% per annum, and maturing on June 13, 2013. Accrued profit amounting to Rs. 1.377 million (2009: Rs. 0.0083 million) is included in the carrying value.			
6 LOANS AND DEPOSITS			
Motor Cycle loans (secured - considered good)	6.1	438,316	276,903
Recoverable within one year shown			
under current assets	12	(116,577)	(98,053)
		321,739	178,850
Students' loans (unsecured - considered good)	6.2	8,712,332	9,209,942
Provision for loans considered doubtful		(925,856)	(984,425)
		7,786,476	8,225,517
		8,108,215	8,404,367
Deposits		1,533,866	1,725,866
		<u>9,642,081</u>	<u>10,130,233</u>
6.1 These are interest free motor cycle loans given to employees and are recoverable between 2 and 5 years. Motor cycles provided under this scheme are registered in the joint names of the Institute and employees. The said loans are secured against employees' retirement benefits.			

Notes to the Financial Statements

For The Year Ended June 30, 2010

- 6.2 These are Interest Free Education Loans (IFEL) given to students and are recoverable on qualifying or securing employment. The scheme has been discontinued with effect from January 22, 2008 after the introduction of Endowment Fund for the same purpose. 499 students were given assistance under the scheme with a total outlay of Rs 10.151 million. As per the terms of the scheme, a sum of Rs 8.151 million is not yet due, as beneficiaries are pursuing their studies of Chartered Accountancy. The Institute has obtained firm commitments from these beneficiaries and, hence, do not expect any default except in few cases. The Institute has made a 10% general provision as per its accounting policy to cover such cases.

	Note	2010 Rupees	2009 Rupees
7 ASSETS RELATING TO SPECIFIC FUNDS			
Prize Fund			
Defence Saving Certificates - Held to maturity		-	886,591
Current portion of DSCs transferred to current assets		-	(886,591)
		-	-
Term Deposit Receipts	7.1	1,400,000	-
Special Saving Certificates (SSCs)- Held to maturity	7.2	379,313	327,152
		1,779,313	327,152
Qarz-e-Hasna Fund			
Loans to students (interest free and unsecured)		181,320	183,320
IFEL Fund			
Loans to students (interest free and unsecured)		546,225	546,225
		<u>2,506,858</u>	<u>1,056,697</u>

- 7.1 This represents investment in Term Deposit Receipts, having an aggregate face value of Rs. 1.4 million (2009: nil) carrying profit at the rate of 12% per annum (2009: nil). This has been placed for a term of 5 years, maturing on November 15, 2014.
- 7.2 These represent investment in Special Saving Certificates, having an aggregate face value of Rs. 0.300 million (2009: Rs. 0.300 million), carrying profit at the rate of 17.388% per annum. These have been placed for a term of 3 years, maturing during December, 2011. Accrued profit of Rs. 0.079 million (2009: Rs. 0.027 million) is included in the carrying value.

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
8 ASSETS RELATING TO ENDOWMENT FUNDS			
Students' Endowment Fund			
Special Saving Certificates (SSCs)- Held to maturity	8.1	28,756,305	18,250,669
Term Deposit Receipts	8.2	11,010,000	-
		39,766,305	18,250,669
Libraries Development Fund			
Special Saving Certificates (SSCs)- Held to maturity	8.1	4,895,345	2,543,584
		44,661,650	20,794,253

8.1 These represent investments in Special Saving Certificates, having an aggregate face value of Rs. 30.676 million (2009: Rs. 20.676 million), carrying profit at rates ranging between 13.48 % and 13.57% per annum. These have been placed for a term of 3 years, maturing upto 2013. Accrued profit amounting to Rs. 2.976 million (2009: Rs. 0.120 million) is included in the carrying value.

8.2 These represent investments in Term Deposit Receipts, having an aggregate face value of Rs. 11 million (2009: nil) carrying profit at the rate of 12% per annum (2009: nil). These have been placed for a term of 5 years, maturing upto 2015. Accrued profit amounting to Rs. 0.010 million (2009: nil) is included in the carrying value.

9 SHORT TERM INVESTMENT

Term Deposit Receipts	9.1	55,482,468	45,462,168
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9.1 These represent investments in Term Deposit Receipts with various banks and financial institutions, carrying effective interest rates, ranging between 11.00% and 12.15% per annum (2009: 12.90% to 14.00% per annum), maturing upto 2010. Accrued profit amounting to Rs. 1.482 million (2009: Rs. 1.462 million) is included in the carrying value.

10 ASSETS RELATING TO SPECIFIC FUNDS

Prize Fund			
Current portion of long term investments		-	886,591
Short term investments-term deposit receipt	10.1	1,058,770	1,538,342
		1,058,770	2,424,933
Balance with bank - PLS account	10.2	64,984	91,689
		1,123,754	2,516,622

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
Qarz-e-Hasna Fund			
Due from the Institute of Chartered Accountants of Pakistan		-	18,050
Balance with bank - current account		625,052	605,501
		625,052	623,551
IFEL Fund			
Balance with bank - current account		38,700	38,700
		1,787,506	3,178,873

10.1 This represents investment in Term Deposit Receipts with a bank, carrying profit at the rate of 11% per annum (2009: 15.75% per annum), maturing upto 2010. Accrued profit amounting to Rs. 0.029 million (2009: Rs. 0.138 million) is included in the carrying value.

10.2 The PLS bank account carries profit at the rate of 5% per annum (2009: 5% per annum).

11 ASSETS RELATING TO ENDOWMENT FUNDS

Students' Endowment Fund			
Short term investments-Term Deposit Receipt	11.1	9,557,682	16,249,490
Libraries Development Fund			
Short term investments-Term Deposit Receipt	11.2	1,066,410	3,042,071
Due from the Institute of Chartered Accountants of Pakistan		257,989	254,322
		1,324,399	3,296,393
		10,882,081	19,545,883

11.1 This represents investments in Term Deposit Receipts with various banks and financial institutions, carrying profit at the rate of 11.75% per annum (2009: 13.00% - 13.70% per annum), maturing upto 2010. Accrued profit amounting to Rs. 0.558 million (2009: Rs. 0.249 million) is included in the carrying value.

11.2 This represents investment in Term Deposit Receipts with various banks and financial institutions, carrying profit at the rate of 12.00% per annum (2009: 13.00% - 13.70% per annum), maturing upto 2010. Accrued profit amounting to Rs. 0.066 million (2009: Rs. 0.042 million) is included in the carrying value.

12 LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Loans:

Current portion of motor cycle loans	6.1	116,577	98,053
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Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
Advances (considered good)			
Secured			
Executives		308,765	589,653
Employees		108,606	127,986
		417,371	717,639
Unsecured			
Income tax		553,177	350,429
Rent		401,167	512,100
Suppliers		1,273,967	2,515,762
		2,645,682	4,095,930
Prepayments		883,196	991,509
Other receivables (considered good)			
Advertisement income receivable		354,335	280,335
Due from the Chartered Institute of Management Accountants		1,203,984	849,720
Due from the South Asian Federation of Accountants		286,262	144,414
Due from the Registered Accounting Education Tutors (RAETs)		44,000	44,000
Due on account of rental of facilities		148,000	402,500
Due from Students' Endowment Fund	12.1	3,233,098	-
Due from Sponsors - CFO Conference		800,000	-
Miscellaneous		517,747	368,827
		6,587,426	2,089,796
		10,232,881	7,275,288

12.1 This amount has been given to students from the Institute's Fund, which is receivable from the Students' Endowment Fund.

13 CASH AND BANK BALANCES

Cash in hand			
Local currency		92,675	56,980
Foreign currency		114,404	191,586
		207,079	248,566
Cash at bank			
Current accounts			
Local currency		553,331	456,765
Foreign currency		85,300	81,100
		638,631	537,865

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
PLS saving accounts			
Local currency	13.1	9,849,915	8,632,280
Foreign currency	13.2	2,433,152	1,245,658
		12,283,067	9,877,938
		13,128,777	10,664,369

13.1 The PLS saving accounts in local currency carries profit at the rate of 5.00% per annum (2009: 5.00% per annum).

13.2 The PLS saving accounts in foreign currency carries profit at the rate of 1.00% per annum (2009: 1.00% per annum).

14 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		5,234,634	4,566,901
Accrued expenses			
Examination conducting charges		4,254,930	4,500,000
Bonus to employees		1,512,861	1,059,363
Due to South Asian Federation of Accountants (SAFA)		290,020	81,000
Due to Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)		170,600	-
Others		1,124,949	910,723
		7,353,360	6,551,086
Other liabilities			
Provision against EOBI payable	14.1	3,055,720	-
Chartered Accountant Students' Association (CASA)		50,600	138,950
Regional committees			
South		752,157	397,944
North		331,233	282,100
		1,083,390	680,044
Retention money		1,620,139	1,905,613
IASC Foundation royalty		351,980	408,340
Defined benefit plan - Gratuity Fund	14.2	547,194	-
Due to Library Development Fund		257,989	-
Others		1,510,802	1,463,138
		8,477,814	4,596,085
		21,065,808	15,714,072

Notes to the Financial Statements

For The Year Ended June 30, 2010

- 14.1 The balance under this head relates to amounts payable to Employees Old Age Benefits Institution (EOBI) on the basis of legal advice/clarification obtained during the year as per which it has been concluded that the Institute is not exempt from the requirement to make necessary deductions and contribution towards EOBI. An amount of Rs. 3.056 million has been made for present employees including an amount of Rs. 2.471 million relating to prior years (note: 17.2).
- 14.2 This represents amount payable towards Defined Benefit Plan (Gratuity Fund), estimated through actuarial valuation as at June 30, 2010 using the Projected Unit Credit Method. The relevant information is as follows:

	2010 Rupees	2009 Rupees
The amount recognized in the balance sheet is as follows:		
Present value of defined benefit obligation	12,304,323	11,088,859
Fair value of plan assets	(11,757,126)	(11,088,859)
Unrecognised actuarial gains / (losses)	-	-
	<u>547,197</u>	<u>-</u>
Movement in net liability recognized in the balance sheet is as follows:		
Opening balance	-	-
Charge for the year	3,794,921	2,888,006
Payment during the year	(3,247,724)	(2,888,006)
Closing balance	<u>547,197</u>	<u>-</u>
Amount recognised in statement of comprehensive income is as follows:		
Current service cost	3,535,558	3,046,849
Interest cost	1,457,116	960,729
Expected return on plan assets	(1,438,407)	(960,729)
Actuarial (gains) / losses recognized	240,654	(158,843)
	<u>3,794,921</u>	<u>2,888,006</u>
Actuarial assumptions for valuation		
Discount rate	14.00%	13.00%
Salary increase rate	14.00%	13.00%
Expected return on plan assets	12.50%	13.00%
Composition of plan assets		
Government securities	77.00%	77.00%
Term Deposits	23.00%	23.00%

5 years data on the surplus / (deficit) of the plan is as follows:

	2010	2009	2008	2007	2006
	Rupees				
Present value of defined benefit obligation	12,304,323	11,088,859	8,729,703	5,583,647	3,865,962
Fair value of plan assets	(11,757,126)	(11,088,859)	(8,729,703)	-	-
Deficits	<u>(547,197)</u>	<u>-</u>	<u>-</u>	<u>(5,583,647)</u>	<u>(3,865,962)</u>

Notes to the Financial Statements

For The Year Ended June 30, 2010

	2010 Rupees	2009 Rupees
15 FEES AND CHARGES RECEIVED IN ADVANCE		
Members	13,561,800	16,239,912
Examinations	11,864,820	28,089,210
Others	47,500	129,000
	<u>25,474,120</u>	<u>44,458,122</u>
16 BENEVOLENT FUND		
Balance as on July 1	2,231,602	798,195
Subscription and group insurance premium received during the year	3,385,990	4,073,515
	<u>5,617,592</u>	<u>4,871,710</u>
Transferred to Benevolent Fund / adjustments made during the year	(3,896,273)	(2,640,108)
	<u>1,721,319</u>	<u>2,231,602</u>
17 CONTINGENCIES		
17.1 The Appellate Bench of the Competition Commission of Pakistan has passed an Order, dated March 11, 2009, in response to an 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 as a result thereof. The Institute has filed an appeal before the Honorable Supreme Court of Pakistan which was pending for hearing in the year 2009. The judgment has now been suspended by the Honourable Supreme Court of Pakistan. During the pendency of the appeal the Competition Commission Ordinance, 2010 was promulgated on March 26, 2010. As per opinion of the Institute's legal council it is likely that the appeal will be transferred to the High Court. Since the Council is confident that the outcome will be favourable, no accrual has been made in these financial statements relating to the above referred penalty.		
17.2 During the past years, deduction and contribution towards Employees Old Age Benefits Institution (EOBI) has not been made. Provision has not been made for amounts due on account of past employees of the Institute as the amounts cannot be accurately quantified at present. There is a contingent liability in respect of penalties and contributions not made in respect of past employees.		
18 MEMBERS' SUBSCRIPTION		
Admission fee	595,905	583,000
Annual subscription	41,108,861	34,104,607
Practicing certificate fee	5,743,289	4,515,300
Foreign affiliation fee	100,000	50,000
Duplicate ID card fee	400	-
	<u>47,548,455</u>	<u>39,252,907</u>

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
19	EXAMINATION AND OTHER FEE		
Examination fee		153,307,503	127,730,166
Annual registration fee		16,195,394	14,250,297
Examination conducting fee		2,194,479	1,355,762
Entrance test exemption fee		7,164,720	7,884,350
Entrance test fee		3,391,750	3,894,900
Fee for duplicate certificate		712,600	369,500
		<u>182,966,446</u>	<u>155,484,975</u>
20	EDUCATION AND TRAINING RELATED FEE		
Registration fee		40,636,950	38,419,200
Registered Accounting Education Tutors' fee		1,557,500	815,000
Training contract amendment fee		227,000	718,000
Student course fee and workshops		207,067	-
Training organisation fee		95,000	147,000
		<u>42,723,517</u>	<u>40,099,200</u>
21	PUBLICATIONS		
Accounting standards		3,893,500	5,064,980
Auditing standards		1,341,600	1,271,800
Gripping IFRS		2,774,570	2,378,400
Miscellaneous		737,329	560,334
		<u>8,746,999</u>	<u>9,275,514</u>
22	OTHER OPERATING INCOME		
Income derived from rental of facilities		2,653,675	2,898,891
Reversal of provision for doubtful students' loan		58,569	6,395
Income/(loss) from seminars and conferences	22.1	3,949,520	(164,698)
Miscellaneous income	22.2	676,882	694,198
		<u>7,338,646</u>	<u>3,434,786</u>
22.1	Seminars and Conferences		
Total income		13,587,230	526,350
Total expenses		(9,637,710)	(691,048)
Income/(loss) from seminars and conferences		<u>3,949,520</u>	<u>(164,698)</u>

22.2 This includes donation of Rs. 1 relating to gifted plot of land (see note 3.2.1.).

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
23 SALARIES, ALLOWANCES AND OTHER BENEFITS			
Salaries and allowances	23.1	101,952,567	86,055,774
Defined benefit plan - Gratuity Fund		3,794,918	2,888,006
Defined contribution plan - Provident Fund		5,703,260	4,859,518
Defined contribution plan -Benevolent and Group insurance Fund		-	440,466
		<u>111,450,745</u>	<u>94,243,764</u>
23.1	This includes provision in respect of EOBI amounting to Rs. 3.056 million including Rs. 2.471 million related to previous years.		
24 TRAVELING AND RELATED EXPENSES			
Traveling and related expense represents expense incurred in respect of meetings and conferences attended by the members of the Council amounting to Rs. 9.141 million (2009: Rs.9.325 million), members of the Committee amounting to Rs. 2.705 million (2009: Rs. 2.273 million) and staff of the Institute amounting to Rs. 2.424 million (2009: Rs. 4.891 million).			
25 OTHERS			
Fees to professional bodies		2,191,919	1,739,184
Legal and professional charges		1,201,497	2,444,698
Consultancy charges		718,619	1,564,500
Election expenses		112,042	2,255,999
Auditors' remuneration	25.1	441,296	292,632
Annual general meeting		869,715	649,098
Books and publications		301,968	305,881
Conveyance		194,199	295,020
Entertainment		2,007,178	1,389,875
Bank charges		1,260,429	995,187
Insurance		992,849	841,714
Vehicles maintenance		3,898,295	3,529,679
Publications written off		38,802	75,978
Amortization of intangible asset		411,933	455,535
Intangible assets written off		-	21,913
Cost of gold medals and award ceremony		355,524	77,010

Notes to the Financial Statements

For The Year Ended June 30, 2010

	Note	2010 Rupees	2009 Rupees
Entrance test conducting charges		149,250	58,800
Registered Accounting Education Tutor's appraisal cost		54,500	148,411
Employees training expenses		237,900	628,059
Donation	25.2	1,000,000	500,000
Loss on sale of operating fixed assets		10,772	715,531
Sundry expenses		1,705,545	1,505,602
		<u>18,154,232</u>	<u>20,490,306</u>
25.1 Auditors' remuneration			
Annual audit and half yearly review fee			
M. Afzal Munif		175,000	125,000
Qasim Ebrahim Causer		175,000	125,000
		<u>350,000</u>	<u>250,000</u>
Out of pocket expenses		91,296	42,632
		<u>441,296</u>	<u>292,632</u>
25.2	During the year, a sum of Rs 1.000 million (2009: Rs 0.500 million) was approved by the Council as special contribution to The Institute of Chartered Accountants of Pakistan Benevolent Fund.		
26 FINANCE INCOME			
Profit on Defence Saving Certificates		-	154,910
Profit on Special Saving Certificates		1,369,124	8,274
Profit on Term Deposit Receipts		6,666,293	6,370,553
Profit on PLS accounts		1,099,669	943,564
Exchange gain		141,953	354,960
		<u>9,277,039</u>	<u>7,832,261</u>
27 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of cash in hand, balances with banks and short term investments realizable within three months. Cash and cash equivalents included in the cash flow statement comprise of the following amounts:			
Cash and bank balances		13,128,777	10,664,369
Short term investments realizable within three months		54,000,000	7,000,000
		<u>67,128,777</u>	<u>17,664,369</u>

Notes to the Financial Statements

For The Year Ended June 30, 2010

28 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Institute comprise employee retirement benefit plans, Benevolent Fund, Southern and Northern Regional Committees, Council and certain executives. Transactions with related parties are as follows:

		2010 Rupees	2009 Rupees
Name of the related party and relationship with the Institute	Nature of transactions		
Related party			
Regional Committees and Benevolent Fund	Collection on behalf of Committees and Funds	8,618,942	5,383,033
Benevolent Fund	Donation given	1,000,000	500,000
Staff retirement benefit plans			
Gratuity fund	Benefit paid on behalf of fund	3,794,918	2,888,006
Provident fund	Contribution	5,703,260	4,859,518
Key management personnel			
Executive director, secretary directors and other executives	Salary and other benefits	22,763,589	17,678,268
	Post employment benefit	2,285,186	1,866,573
	Traveling and related expenses paid by the Institute	1,920,159	3,560,815
	Membership fee paid by the Institute	243,550	172,315
	Disposal of the Institute's car	1,424,153	1,805,192
Members of the council	Membership fee paid by the members of the council	272,500	227,300
	Traveling and related expenses paid by the Institute	9,140,606	9,325,355

28.1 Disposals of property, plant and equipment to key management personnel are disclosed in note 3.3

28.2 Outstanding balance in respect of related parties and staff retirement benefits are included in notes 12, 14 and 16.

28.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Institute directly or indirectly. The Institute considers all members of the Council, Executive Director, Secretary and other Directors to be key management personnel. Outstanding balance of loans and advances to key management personnel are disclosed in note 12.

Notes to the Financial Statements

For The Year Ended June 30, 2010

29 Remuneration and benefits of Executive Director, Directors/Secretary & Other Executives

The aggregate amount charged in the financial statements in respect of remuneration to the above are as follows:

	Executive Director		Directors/Secretary		Other Executives		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	Rupees							
Managerial Remuneration	5,335,000	4,621,860	16,163,165	11,635,687	27,891,815	21,912,662	49,389,980	38,170,209
Defined Contribution Plan (EPF)	308,336	362,496	1,063,600	848,801	1,902,861	1,404,994	3,274,797	2,616,291
Group Insurance Fund (GIF)	-	2,184	-	10,920	-	28,028	-	41,132
Defined Benefit Plan (Gratuity)	154,323	196,446	758,927	445,726	1,204,688	756,817	2,117,938	1,398,989
Fuel & Maintenance	240,711	283,128	1,024,713	1,137,593	2,355,880	1,811,523	3,621,304	3,232,244
	6,038,370	5,466,114	19,010,405	14,078,727	33,355,244	25,914,024	58,404,019	45,458,865
No. of persons	1	1	7	9	20	21		

29.1 The President and Council members are not given any remuneration or benefits. They are only reimbursed traveling and related expenses where they represent the Institute or participate in the Institutes meetings.

29.2 The Executive Director and certain Executives of the Institute are also provided with Institute's maintained cars.

Notes to the Financial Statements

For The Year Ended June 30, 2010

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

30.1 Foreign currency risk

Financial assets exposed to foreign exchange rate risk, included in cash and bank balances, amounted to Rs 2.63 million (2009: Rs 1.52 million).

The Institute operates separate bank accounts in US dollars. It incurs currency risk as a result of the conversion of foreign currency balances held in bank accounts to Pak Rupees at the balance sheet date. The currency risk associated with this balance is considered minimal and, therefore, the Institute does not hedge its foreign currency exposure.

Sensitivity analysis:

At June 30, 2010 if the Pakistan Rupee had weakened/strengthened by 10% against US Dollar with all other variables held constant, the income for the year would have been higher/lower by Rs 0.263 million (2009: Rs. 0.152 million).

30.2 Interest rate risk

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 related banks and financial institutions, the Institute does not believe it is exposed to any interest rate risk.

30.3 Liquidity risk

The Institute maintains cash and cash equivalent balances to manage working capital requirements and, therefore, it does not have significant liquidity risk. Cash flows are projected on a weekly and monthly basis to closely monitor the liquidity need of the Institute and excess fund is then invested in line with the forecast requirements. The contractual maturities of financial liabilities are as follows:

Contractual cashflows	2010			
	Less than one year	Between 1-3 years	Between 3-5 years	Above 5 years
(Rupees)				
Creditors, accrued and other liabilities	18,010,088	18,010,088	-	-
Due to benevolent fund	1,721,319	1,721,319	-	-

Financial liabilities

Notes to the Financial Statements

For The Year Ended June 30, 2010

2009					
Contractual cashflows	Less than one year	Between 1-3 years	Between 3-5 years	Above 5 years	
(Rupees)					
Financial liabilities					
Creditors, accrued and other liabilities	15,714,072	15,714,072	-	-	-
Due to benevolent fund	2,231,602	2,231,602	-	-	-

30.4 Credit risk

Short term and long term funds are held in interest-bearing investments and in Government securities as a result of comprehensive investment policies.

In the current economic scenario, credit risk is being monitored more closely. Investments are only made with the banks with a high quality external rating. For trade and other receivables, the Institute is not significantly exposed to credit risk to any single customer.

	2010 Rupees	2009 Rupees
Loans and deposits	19,874,962	17,405,521
Investments	68,859,866	55,470,442
Cash and bank balances	13,128,777	10,664,369
	<u>101,863,605</u>	<u>83,540,332</u>
Credit rating of financial assets are as follows:		
Government securities	12,000,000	1,000,000
Term Deposit Receipts A1+	54,000,000	44,000,000

30.5 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximate their fair values, except investments in Special Saving Certificates that are carried at amortised cost, using the effective yield method, amounting to Rs 13.377 million (2009: Rs 10.008 million) as against the fair value of Rs 13.342 million (2009: Rs 10.0 million).

31 NUMBER OF EMPLOYEES

As at June 30, 2010 the Institute had 153 full time employees (2009: 149) and 3 part time employees (2009: 5).

Notes to the Financial Statements

For The Year Ended June 30, 2010

32 MOVEMENT BETWEEN GENERAL AND ENDOWMENT FUNDS

During the year, the Council approved transfer amounting to nil (2009: Rs. 11 million) from General Fund to Students' Endowment Fund.

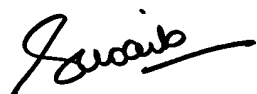
33 CORRESPONDING FIGURES

Corresponding information has been re-arranged and re-classified, wherever necessary, for the purpose of comparison. For the purpose of better presentation significant reclassification include the following:

		Rupees in million
Balance sheet		
From	To	
Accrued profit on short term investments	Specific Fund	0.138
Accrued profit on short term investments	Endowment Fund	0.292
Accrued profit on short term investments	Short term investments	1.462
Profit and loss account		
From	To	
Employees health insurance	Salaries, allowances and other benefits	1.162
Other operating income	Finance income	0.355

34 DATE OF AUTHORISATION FOR ISSUE

The Council of the Institute authorised these financial statements for issue on July 24, 2010.



SECRETARY



PRESIDENT