

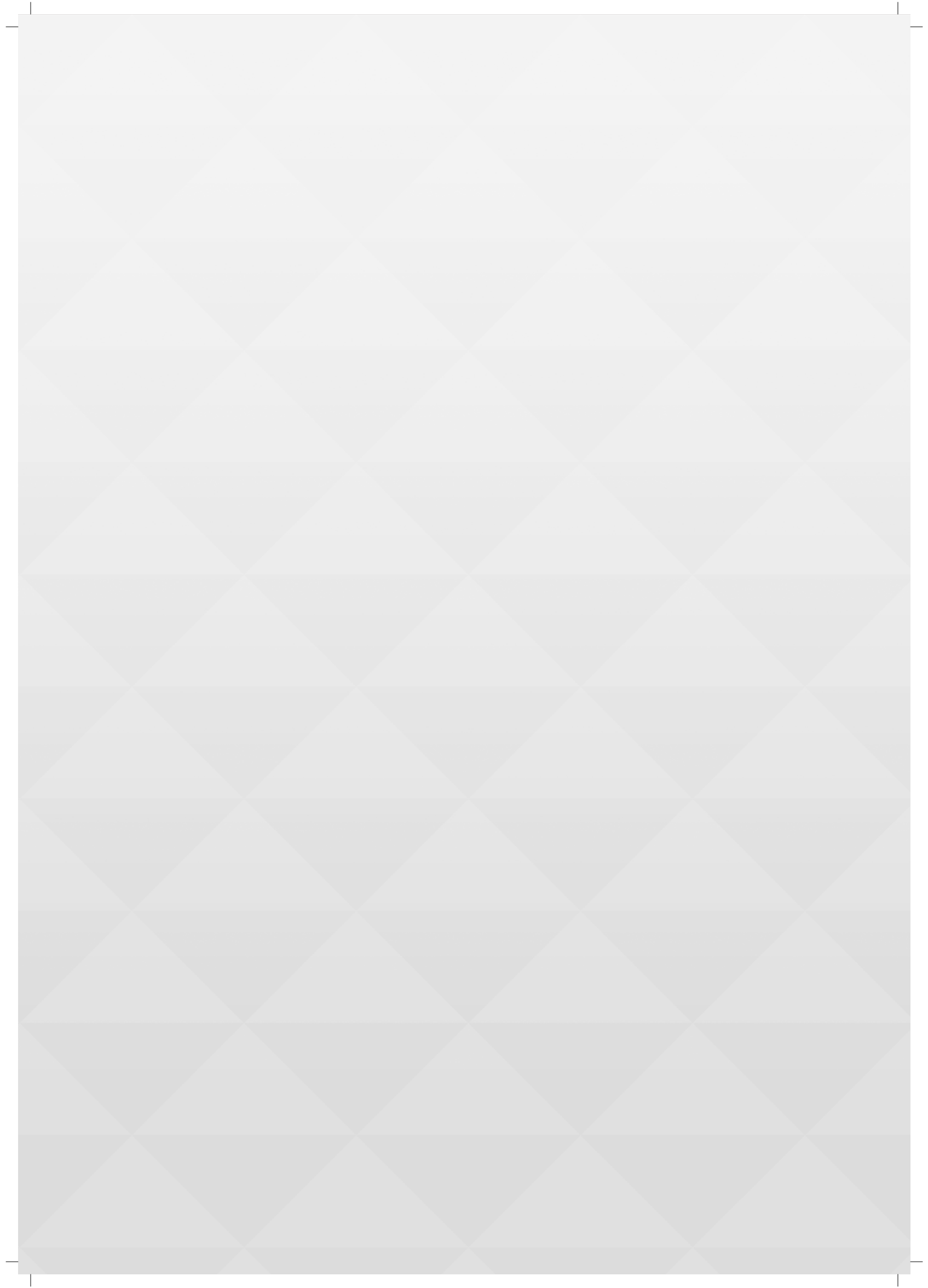


The Institute of  
Chartered Accountants  
of Pakistan



# RISE ABOVE!

Annual Report 2012







**The Institute of  
Chartered Accountants  
of Pakistan**



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ICAP HAS SINCE ITS INCEPTION STRIVED FOR  
QUALITY AND ITS VISION IS A TESTAMENT  
TO ITS COMMITMENT:

## Our Vision

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



THE INSTITUTE REMAINS STEADFAST  
IN ITS COMMITMENT TO MAKE ITS  
VISION A REALITY:

## Our Mission

“Our mission is to  
achieve excellence in professional  
competence, add value to business and economy,  
safeguard public interest, ensure ethical practices  
and good corporate governance  
while recognising the needs  
of globalisation.”





# Core Values

The Council celebrated  
the new dawn post golden jubilee  
by adopting PRIDE as the  
Institute's Core Value.



## P

### rofessional Excellence

ICAP sets forth and enforces the highest standards of qualification, education, training, professional development and ethical practice. It is committed to promoting the attractiveness of the profession to the best students.

## R

### elevance

ICAP attaches highest priority to its community including members, students, firms and its stakeholders through efficient application of communication technologies, enabling community members to form networks of knowledge to keep them informed about and able to access efficiently the development opportunities and services offered by ICAP and also to contribute to the interests of economy and the society. Thus, ICAP is committed to develop products and services for its members and students that are relevant to them.

## I

### mpact

ICAP responds to its stakeholders' needs and especially encourages and facilitates the ongoing professional competencies of its members and students. It operates in a financially sustainable manner fully mindful of the organisation's social and environmental impact on the society.

## D

### eliver

ICAP will continuously monitor, measure and assess its operational environment and take steps to address the challenges and avail the opportunities to maintain its role as a preeminent player in the accounting profession.

## E

### thical Standards

ICAP promotes professional excellence through developing, monitoring and enforcing the highest standards of competence and ethical conduct. At ICAP, it is our endeavour that ICAP's logo and brand shall always remain hallmark of trust, reliability and excellence.

# About ICAP

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

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

The region wise composition of the Council is as follows:

## Southern Region

Zone A (Sindh)	8
Zone B (Balochistan)	1

## Northern Region

Zone A (Punjab includes the Federal Capital)	5
Zone B (Khyber Pakhtunkhwa, Tribal Areas and Azad Kashmir)	1

## Government Nominees

	4
Total	19

The responsibility of formulating the strategic direction and management of the affairs of the Institute lies with the Council. The Council operates through various Standing and other Committees to accomplish its objectives. In performing its functions, the Council is supported by a management team headed by the Secretary and key management personnel.

## Council of the Institute

### President

Rashid Rahman Mir, FCA

### Vice Presidents

Khalid Rahman, FCA

Nazir Ahmad Chaudhri, FCA

### Members

Abdul Rahim Suriya, FCA

Adnan Zaman, FCA

Ahmad Saeed, FCA

Hafiz Mohammad Yousaf, FCA

Mohammad Abdullah Yusuf, FCA

Nadeem Yousuf Adil, FCA

Naeem Akhtar Sheikh, FCA

Pervez Muslim, FCA

Rafaqat Ullah Babar, FCA

Shaikh Saqib Masood, FCA

Yacoob Suttar, FCA

Zahid Iqbal Bhatti, FCA

Abdul Wajid Rana

*Secretary, Finance Division, Government of Pakistan  
(Government Nominee)*

Ali Arshad Hakeem

*Chairman, Federal Board of Revenue, Government of Pakistan  
(Government Nominee)*

Muhammad Ali

*Chairman Securities & Exchange Commission of Pakistan  
(Government Nominee)*

Muhammad Ayub Khan Tarin

*Additional Auditor General of Pakistan  
(Government Nominee)*



## Council of the Institute



Rashid Rahman Mir  
President



Khalid Rahman  
Vice President



Nazir Ahmad Chaudhri  
Vice President



Abdul Rahim Suriya



Adnan Zaman



Ahmad Saeed



Hafiz Mohammad Yousaf



Mohammad Abdullah Yusuf



Nadeem Yousuf Adil



## Council of the Institute



Naeem Akhtar Sheikh



Pervez Muslim



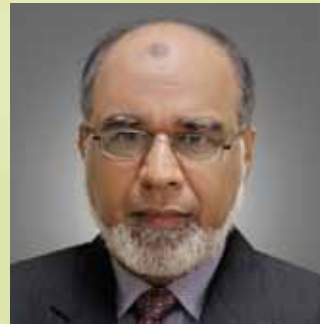
Rafaqat Ullah Babar



Shaikh Saqib Masood



Yacoob Suttar



Zahid Iqbal Bhatti



Abdul Wajid Rana  
Secretary, Finance Division  
(Government Nominee)



Ali Arshad Hakeem  
Chairman, FBR  
(Government Nominee)



Muhammad Ali  
Chairman, SECP  
(Government Nominee)



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

# STANDING COMMITTEES

## EXECUTIVE COMMITTEE

### Chairman

Rashid Rahman Mir

### Members

Khalid Rahman

Nazir Ahmad Chaudhri

Hafiz Mohammad Yousaf

Mohammad Abdullah Yusuf

Shaikh Saqib Masood

Yacoob Suttar

Zahid Iqbal Bhatti

## EXAMINATION COMMITTEE

### Chairman

\*Rashid Rahman Mir

### Members

Khalid Rahman

Ahmad Saeed

Mohammad Abdullah Yusuf

Nadeem Yousuf Adil

Naeem Akhtar Sheikh

Pervez Muslim

Rafaqat Ullah Babar

Shaikh Saqib Masood

Zahid Iqbal Bhatti

## INVESTIGATION COMMITTEE

### Chairman

\*Rashid Rahman Mir

### Members

Nazir Ahmad Chaudhri

Abdul Rahim Suriya

Adnan Zaman

Ahmad Saeed

Hafiz Mohammad Yousaf

Hamid Khan

Justice (Retd) Ahmad Sarwana

Naeem Akhtar Sheikh

Pervez Muslim

Rafaqat Ullah Babar

Shaikh Saqib Masood

\* As per tradition, the President does not attend meetings of the Examinations and Investigation Committees.  
The same are chaired by the Vice President South and North, respectively.

# REGIONAL COMMITTEES

## SOUTHERN REGIONAL COMMITTEE

### Chairman

Adnan Ahmed Mufti

### Honorary Secretary

Riaz A. Rehman Chamdia

### CPD Convenor

Syed Najmul Hussain

### Members

Saad Kaliya

Khalilullah Sheikh

## NORTHERN REGIONAL COMMITTEE

### Chairman

Muhammad Ali Latif

### Honorary Secretary

Saifullah

### Members

Shibli Islam Rehan

Faisal Iqbal Khawaja

Muhammad Awais

Irfan Ilyas



## AUDIT COMMITTEE

### Chairman

Imran Afzal

### Members

Khursheed Kotwal

M.Z. Moin Mohajir

Naeem Akhtar Sheikh

Shaikh Saqib Masood

## QUALITY ASSURANCE BOARD

### Chairman

Zafar Iqbal Sobani

### Vice Chairman

Rafaqat Ullah Babar

### Members

Abbas

Ali Azeem Ikram

Amir Jamil Abbasi

Arslan Khalid

Fuad Azim Hashimi

Kamran Y. Mirza

Mohammad Shuaib

Muhammad Tufail Salariya

Noman Ahmed Qureshi

Syed Ahmed Abid

Zafar Iqbal

Zahid Iqbal Bhatti

## TECHNICAL COMMITTEES

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

In addition to the above committees, there are Coordination Committees of ICAP with Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP).

## OTHER COMMITTEES

- Human Resource Committee
- Education and Training Committee
- Continuing Professional Development Committee
- Publications Committee
- Professional Accountants in Business Committee
- Overseas Coordination Committee
- ICAP Benevolent Fund Management Committee
- Small and Medium Practices Committee
- Endowment Fund Management Committee
- Central Building Committee

## External Auditors

Abdul Hameed Chaudhri  
Chartered Accountant

Abdul Wahid  
Chartered Accountant

## Bankers

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

## Legal Advisors

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

## President's Review



I am honoured to welcome you to the 51st Annual General Meeting of the Institute of Chartered Accountant of Pakistan.

As your Council completes its third year, we are nearer to our vision; sustainable and continuous improvements for the benefits of our members, students and employees; a claim which is further strengthened by our actions and success during the past years.

Over the year the Institute's membership grew by nearly 8.7% percent with 371 new members being admitted to the Institute and 107 memberships restored. Out of the 5,589 family of professionals, 23% account to the overseas membership, where they continue to make the Institute proud by raising the bar of professional excellence of the Institute and the profession. The Institute attaches great importance to its overseas members and has made concentrated efforts throughout the year to reach out more to them. Continuing its bid to facilitate senior members, twenty members have been granted life membership of the Institute. Your Council is working to make concrete efforts to welcome more professionals in the institute's fold through strategic steps to connect the removed members and improving the facilities offered by the institute to its professionals.

Moving forward post the golden mark, we are aware of the increased expectations and responsibilities; and are accordingly preparing to address them.. It is our foremost aim to continuously bring improvements and developments in the profession to counter contemporary challenges and to create more career opportunities for our membership and students in particular.

The humongous task of revamping the educational system undertaken by your Council is gradually nearing completion and is well on track. We have completed review and strategic decisions have been taken which will soon be communicated to all the stakeholders. These initiatives involve extraordinary efforts and resources and the Council, accordingly, has chalked out a work plan to accomplish the task efficiently. The process of acquiring services of study pack developers has been started and is expected to bring results in the next year.

Keeping in view the benefits of a truly global qualification, the Council has during the year, signed an MoU with Canadian Institute of Chartered Accountants, under which an ICAP member who holds a recognized university degree will be eligible to become a Canadian CA by passing the Canadian Uniform Evaluation (UFE). Through this the Institute wishes to provide increased mobility to its members across the globe.

The Institute, in a move to facilitate its overseas students, has established another examination centre in Riyadh; this takes the overseas examination centres count to two. It is expected that the move would offer the future torch bearers of the profession, better opportunity to pursue their destiny. The Institute also plans to open offices in Sukkur and Quetta in order to facilitate the members and the students.

Today, no one can deny the importance of marketing and communication, which is crucial in sustaining and creating a strong relationship with all stakeholders. In view of the growing expectations and increasing competition, the Council established a Marketing and Communication department on the 51st anniversary of the institute in July. We hope that through this initiative, more awareness and positive opinion will be generated about the national and international role and contribution of the Institute, aiming towards enhanced member satisfaction and increased outreach of the Institute.

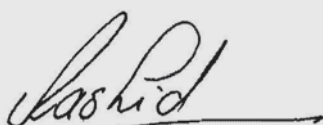
Another important aspect this year was improving the operational excellence of the Institute through which an intricate relationship of the department and the Institute is established. We are hopeful that the project will complete its full circle and achieve its purpose of operational excellence. Also there were important steps taken during the year like; enhancement of the ICAP-ERP system with the development of different new modules, also after the integrated task management system software, Document Management System has been developed and implemented with which tracking and filing of all documents has considerably improved. This module is now in operation with the newly established record room and dispatch department.

The persistent pursuit of perfection, integrity, skills and knowledge has placed ICAP and accountancy profession in an exalted position in present professional order of the country. The Council is looking to use technological advances in teaching methods and create a research enabling environment to foster creativity, innovation and gain knowledge of new developments.

Keeping in mind the increasing globalisation of the profession, the Institute wishes to build relations with professional accounting bodies abroad through Memorandum of Understanding (MoU) and Mutual Recognition Agreement and extend technical cooperation to the countries where the accounting profession is at a very nascent stage.

During the whole year I have had privilege of great support from Mr. Khalid Rahman, Vice President South and Nazir Ahmad Chaudhri, Vice President North besides the unmatched support from the Council. I wish to place my profound gratitude for the worthy Vice Presidents and Council members for their committed support and guidance.

All the achievements would have not been possible without the dedicated support and services of the Secretary and other executives of the Institute. I wish and pray for a very successful and prosperous future for the Institute, its members and the staff beyond the 50th milestone.



Rashid Rahman Mir  
President

Karachi, August 25, 2012

# Notice of the Annual General Meeting

The 51st Annual General Meeting of the Institute of Chartered Accountants of Pakistan will be held on Thursday, September 20, 2012 at 7:00 p.m. at ICAP House, Karachi.

## AGENDA

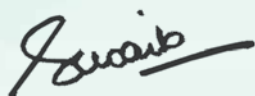
The proceedings of the meeting will commence with the recitation from the Holy Quran and will have the following agenda:

### Ordinary Business

1. Confirmation of the minutes of the 50th 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, 2012.
3. Appointment of auditors for the year ending June 30, 2013.

### Special Business

4. Authorising the Council to proceed for the sale of Preedy Street Land above a minimum reserved price.
5. Any other business with the permission of the Chair.



Shoaib Ahmed  
Secretary

Karachi, September 4, 2012

# Key Highlights

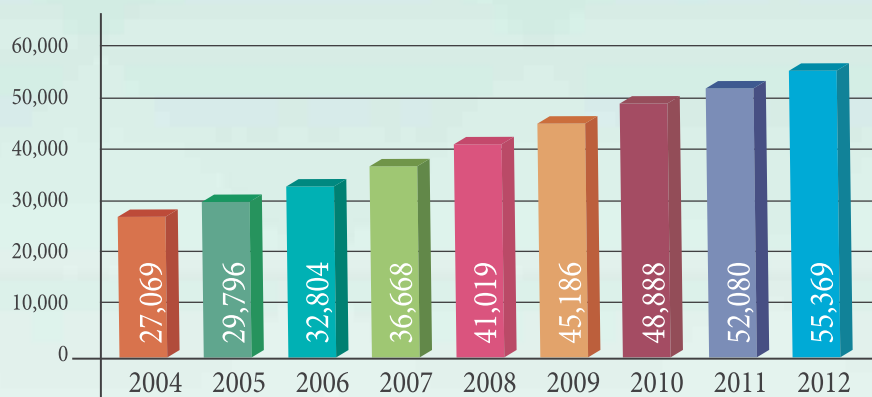
## Examinations and Membership

### Examinations Statistics at a Glance

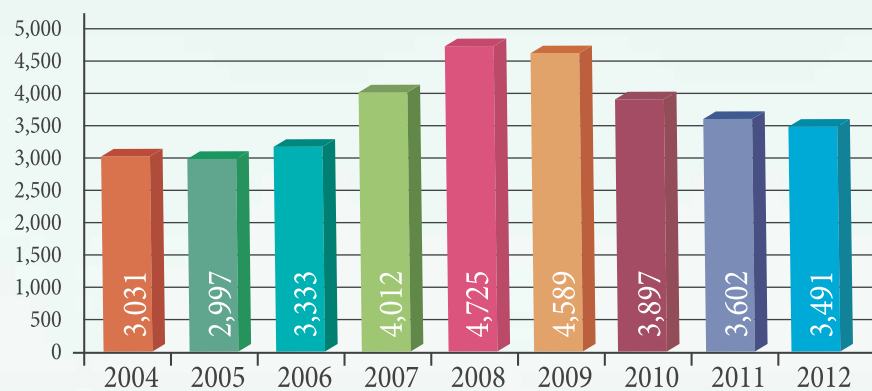
During the year 2011-12, 38,062 students appeared in various examinations as compared to 36,584 students, during the year 2010-11.

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

Registered Examinees as on June 30, 2012

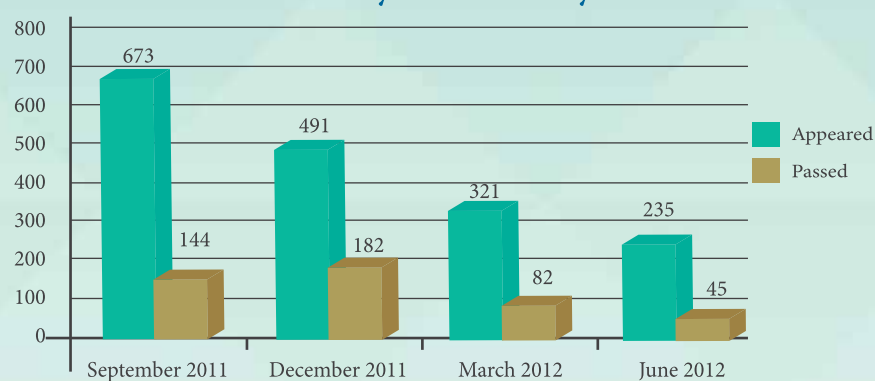


New Examinees Registered

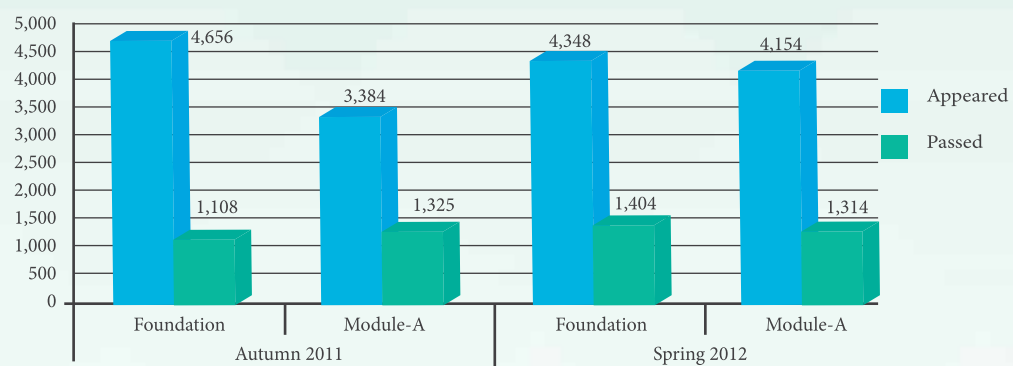


## Examinations Statistics at a Glance

### Pre-entry Proficiency Test



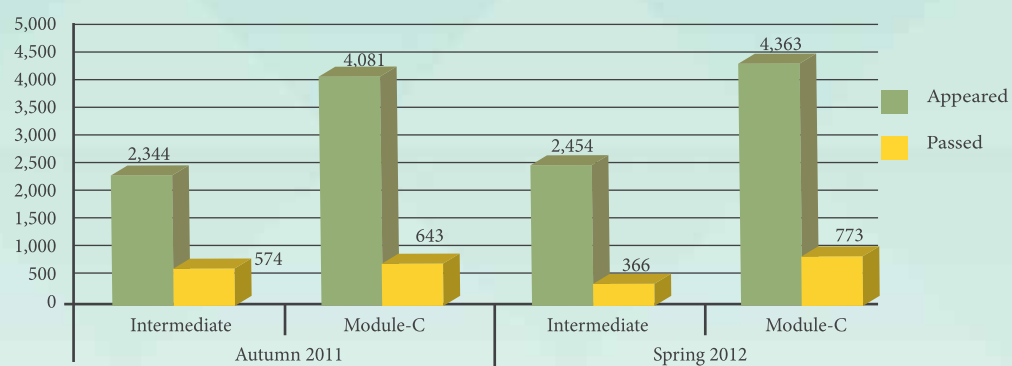
### Foundation Examination



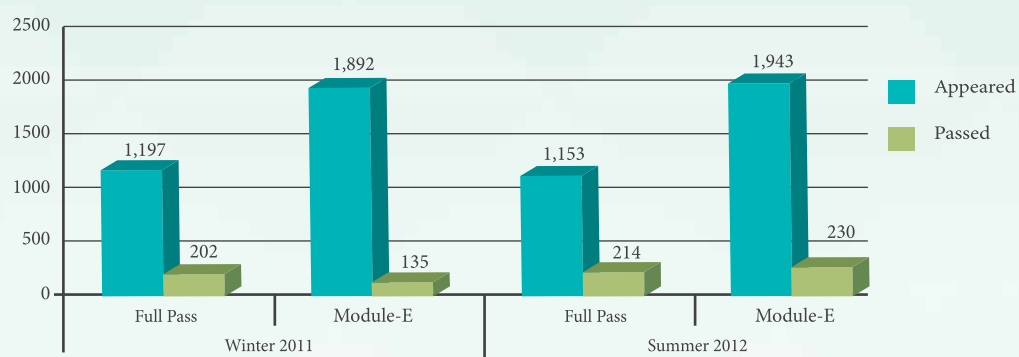


## Examinations Statistics at a Glance

### Intermediate Examination



### Final Examination



## Membership Statistics at a Glance

### Membership Statistics

Description	2011-12	2010-11	2009-10	2008-9	2007-8
Members as on July 1	5305	5077	4708	4441	4210
Members Joined	371	382	425	369	303
Members Restored	107	108	61	94	45
Members Removed due to non-payment	176	245	110	185	105
Members Resigned	2	-	-	1	1
Members Demised	16	17	7	10	11
<b>Total Members as on June 30</b>	<b>5589</b>	<b>5305</b>	<b>5077</b>	<b>4708</b>	<b>4441</b>
Members in Southern Region	3292	3230	3000	2773	2606
Members in Northern Region	2297	2075	2077	1935	1835
<b>Total</b>	<b>5589</b>	<b>5305</b>	<b>5077</b>	<b>4708</b>	<b>4441</b>
Members in Practice	730	703	676	658	642
Members in Industry	3332	3156	3091	2850	2715
Overseas Members	1290	1219	1132	1059	966
Senior Members	237	227	178	141	118
<b>Total</b>	<b>5589</b>	<b>5305</b>	<b>5077</b>	<b>4708</b>	<b>4441</b>

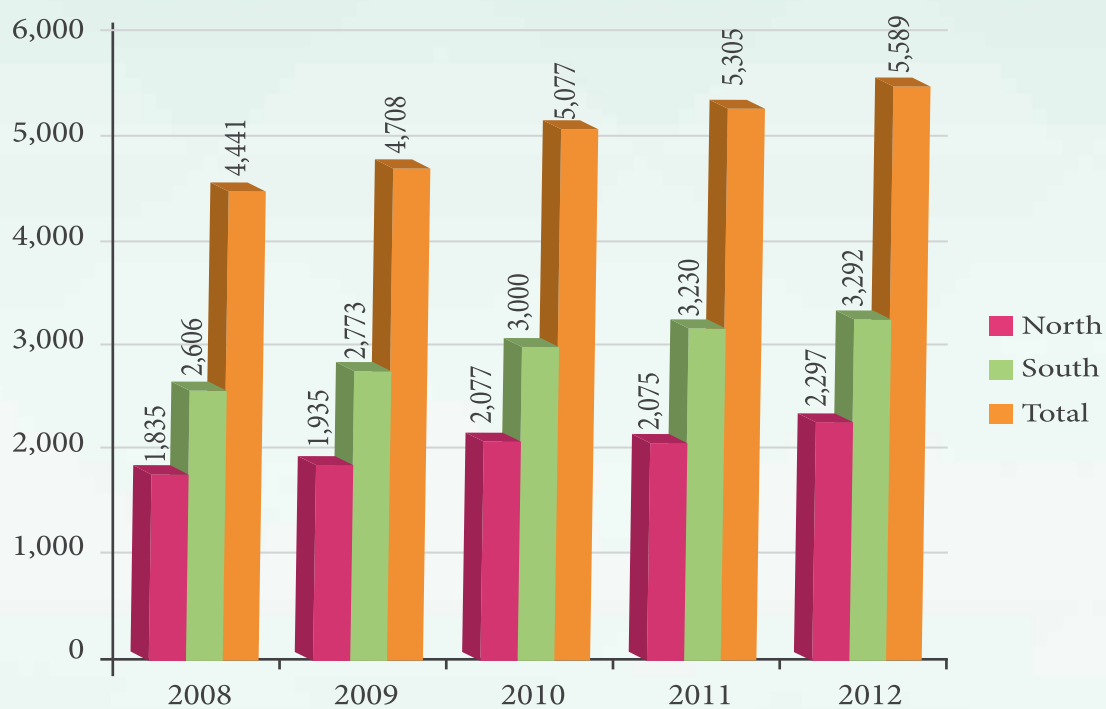
### Composition of Practicing Firms

Firm's Style	2011-12	2010-11	2009-10	2008-9	2007-08
Sole Proprietor	315	300	295	303	292
Partnership	131	126	121	123	118
<b>Total</b>	<b>446</b>	<b>426</b>	<b>416</b>	<b>426</b>	<b>410</b>

## Membership Statistics at a Glance

### Job Sector Information of Members

	June 30, 2012			June 30, 2011			June 30, 2010		
	Associates	Fellows	Total	Associates	Fellows	Total	Associates	Fellows	Total
<b>Domestic</b>									
Public Practice-Sole Proprietor	60	217	277	52	212	264	40	217	257
Public Practice-Partnership	52	380	432	58	360	418	60	340	400
Corporations	7	6	13	9	6	15	7	6	13
Financial Institutions/Banks	270	141	411	280	124	404	263	130	393
Government	23	22	45	24	21	45	23	22	45
Education	42	39	81	47	34	81	43	32	75
Commerce and Industry	1972	810	2782	1885	726	2611	1828	737	2565
Senior Members	7	194	201	8	184	192	7	143	150
<b>Overseas</b>									
Non Practice	859	431	1290	861	358	1219	772	360	1132
Public Practice	6	15	21	5	16	21	6	13	19
Senior Members	2	34	36	2	33	35	1	27	28
<b>Total</b>	<b>3300</b>	<b>2289</b>	<b>5589</b>	<b>3227</b>	<b>2075</b>	<b>5305</b>	<b>3050</b>	<b>2027</b>	<b>5077</b>



# Report of the Council

The Council of the Institute of Chartered Accountants of Pakistan is pleased to present its Annual Report for the year 2012.

The Council continued to make concentrated efforts to rise above the benchmark of excellence and add value for all the stakeholders. The Council in its mission to achieve greater heights of success further develop and nurture the Institute and the profession, is truly indebted to the continued cooperation and support from institute's members, students, executives, staff and other key stakeholders. The new journey is both exciting and crucial and requires active participation from all the stakeholders in order to make it even more glorious than the past.

## New Initiatives

### Setting the strategic way forward

Since its establishment, the Institute has made concentrated efforts to achieve high standards of excellence in accountancy and auditing profession through quality education, rigorous but fair regulation, safeguarding of public interest and providing value added services for economy and business in Pakistan. As a result of these continued efforts today, ICAP is recognized as the premier professional accountancy body of Pakistan.

ICAP understands that the business and economic environments are changing at a very fast pace not only within country but also internationally especially in regional markets of interest. In order to keep pace with the new and emerging realities and to better serve its stakeholders, ICAP undertook the strategic planning exercise and formulated the following strategic priorities in order to achieve its vision and mission.

- Improved education and assessment methodology
- Inculcate performance culture to ensure operational excellence
- Regulation of accounting profession
- Strengthening and capacity building of SMPs
- Image building and brand strengthening
- Relevance to members and stakeholders
- Global positioning

The way forward for the Institute lies in ensuring that these priorities are met through the strategic imperatives which will enable the Institute to achieve the recognition and acceptance at national and international levels. For this reason this year, the activities of the different committees and departments reported also include reference of the strategic imperatives in order to achieve the strategic priorities.

### Establishment of Marketing Department

Keeping in view the growing needs of the Institute, the Council decided to establish a full fledged marketing department and appointed Ms. Badia Raza as the Head of Marketing and Communication. She took charge of the department from July 1, 2012. The Institute wishes to achieve the following imperatives through the newly established department:

- Promote Chartered Accountancy as the first-choice for an excellent career as a business leader.

- Improve the public perception of the profession and the Institute.
- Increase outreach to prospective bright students in a structured manner. The measurement will be done by comparing market share in the next three years initially.
- Projecting ICAP and CA qualification to the A level students of renowned schools.
- Increase in media presence with an objective to enhance ICAP profile in the public.

## Performance Management

A major initiative this year was the documenting of a performance management system of the Institute through which an intricate relationship of the department and the Institute is established. The management is optimistic that the project will complete its full circle and achieve its purpose of operational excellence.

## MOU with CICA

This year the Institute signed an MOU with Canadian Institute of Chartered Accountants (CICA), which specifies reduced requirement for ICAP members to gain membership of CICA. Under the MOU, an ICAP member who holds a recognized university degree and meeting CICA's experience requirements will be eligible to become member of the Canadian Institute by passing the Canadian Uniform Evaluation (UFE) examinations offered annually in Canada.

## Elections of Overseas Chapters of ICAP Members

During the year two more overseas chapters were established as members residing in Canada and United Arab Emirates elected the Management Committees of their respective chapters.

## MOU between the Institute of Chartered Accountants of Pakistan and Karachi Centre for Dispute Resolution (KCDR)

A Memorandum of Understanding was signed between the Karachi Centre for Dispute Resolution and the Institute of Chartered Accountants of Pakistan on July 27, 2012. The MoU was signed by the President ICAP, Mr. Rashid Rahman Mir and President KCDR, Justice (Retd) Saeeduzzaman Siddiqui. Through this MoU, ICAP Members especially practicing members will be able to resolve their disputes through ADR and mediation mechanism and both ICAP and KCDR will cooperate with each other to actively promote and demonstrably improve dispute settlement process.

Earlier, the Council of the Institute had constituted the task force in 2010 under the Chairmanship of Mr. Adnan Zaman with a mandate to introduce ADR framework. It was on the recommendation of the Task Force the Council decided to enter into the MOU with KCDR.

## Golden Jubilee Celebrations

While the Golden Jubilee celebrations were carried elaborately within the country, the Overseas Chapters ensured that the celebrations truly become global by holding of various programmes in their own regions. The combined celebration of the golden milestone both at local level and at global level proved that the loyalty and love of the members for their Institute transcends boundaries.

### United Arab Emirates

The members of the Institute in UAE organised the Golden Jubilee Celebrations of the Institute of Chartered Accountants of Pakistan and the 40th National Day of UAE. The President, Mr. Rashid Rahman Mir, Vice President - South and Chairman Overseas Coordination Committee Mr. Khalid Rahman and Chairman, Golden Jubilee Celebrations Committee, Hafiz Muhammad Yousaf attended the event.

Mr. Mohammad Nafees, ICAP member in UAE opened the programme, followed by the addresses of Mr. Rashid Rahman Mir, chief guest of the event, Honourable Minister of Higher Education and Scientific Research Education Shaikh Nahyan bin Mubarak Al Nahyan and keynote speaker, Past President of the Institute, Syed Asad Ali Shah.



The event was greatly appreciated by the members which provided them a good opportunity to strengthen their networking.



## Kingdom of Saudi Arabia

To celebrate the historic occasion of ICAP Golden Jubilee, the ICAP KSA chapter organized the First Pak-Saudi Accountancy Seminar on February 1, 2012 in Riyadh. The seminar was held at a local five star hotel and was attended by more than 175 people belonging to the accountancy profession. A large number of Saudi finance professionals also attended.

Speakers at the seminar included His Excellency Mr. Muhammad Naeem Khan, Ambassador of Pakistan to Saudi Arabia, Dr. Ahmad Almeghames, Secretary General of Saudi Organization for Certified Public Accountants (SOCPA), Dr. Said Al Shaikh, Majlis As Shura Council member and Chief Economist at National



Commercial Bank, Mr. Rashid Rahman Mir, President of ICAP and Hafiz Mohammad Yousaf, Chairman ICAP Golden Jubilee Celebrations Committee. Mr. Rashid Rahman Mir appreciated the efforts of the ICAP KSA Chapter Managing Committee in organizing the ice-breaking event in KSA at such a large scale.

## United Kingdom

On November 26, 2011 the Management Committee of the Institute of Chartered Accountants of Pakistan UK Chapter organised its launch and the Golden Jubilee Celebration events in London's famous banquet hall, Clay Oven. The occasion was graced by the Honourable Deputy High Commissioner of Pakistan in UK, Mr. Mohammed Nafees Zakaria as the Chief Guest and Mr. Anwar Zaidi, CEO Habib Bank UK addressed as a key note speaker.



The occasion, a family dinner event with music and other entertainment, was attended by more than 250 guests comprising mainly of the Institute of Chartered Accountants of Pakistan members and their families. Mr. Roop Panjwani, Vice President, UK Chapter and Mr. Faraz Jan Muhammad, General Secretary, UK Chapter hosted the evening and Mr. M. Asghar Choudhury, President, UK Chapter addressed the gathering. Mr. Zakaria

and Mr. Zaidi were presented Golden Jubilee mementos by Mr. Hassan Kamal Farooqui, Head of Finance, UK Chapter and Mr. Muhammad Adnan, Joint Secretary, UK Chapter.

## Canada

On December 1, 2011 the Canadian Chapter of the Institute of Chartered Accountants of Pakistan (ICAP) held its inaugural event in Mississauga. The purpose of the event was to introduce the Management Committee to the members of the Institute of Chartered Accountants of Pakistan in Canada and celebrate the Golden Jubilee of the Institute. Mr. Pervez Muslim, Council Member of ICAP and Member of the Overseas Coordination Committee of ICAP attended the event.

Mr. Ian McFadden, Regional VP of the Business Development Bank of Canada (BDC), provided a brief introduction to the role of BDC in the Canadian financial markets. This was followed by an address by Mr. Iqbal Merchant, President of the ICAP Canada Chapter and Mr. Pervez Muslim. Videos of the Golden Jubilee celebrations in Pakistan were played at the event, including the speech by the then President of the Institute, Mr. Saqib Masood, at the event in Karachi. At the end of the event, a cake cutting ceremony was organised to mark the Golden Jubilee of the Institute of Chartered Accountants of Pakistan.



## Appropriation of Rupees 10 million from Golden Jubilee Fund to the Student Endowment Fund

Development of the profession of accountancy is not the only concern of the Council rather, we are aware of the responsibilities in wider social context.

Supporting and promoting education in the society has always been at fore-front in all the Institute's activities. For students who want to pursue their studies in Chartered Accountancy, the Institute established an endowment fund in the year 2008, and provided financial assistance to fairly large number of students with a total outlay of Rs. 19 million approximately. The Council in this year has generously decided to appropriate Rs. 10 million, received in respect of Golden Jubilee Sponsorship, to the endowment fund in line with the Golden Jubilee slogan "Fostering Talent for Leadership". The Institute believes in creating better opportunities for bright and talented students to further enhance support to the capable and deserving students of our country.

## ICAP Golden Jubilee Concluding Conference

The Concluding Conference of the Golden Jubilee Celebrations was held on January 20-21, 2012 in, Lahore.

The conference themed as “Testing Times: Reflections on Present and Future” was attended by more than 700 professionals from different walks of life. The ceremony started with a recitation from the holy Quran by Mr. Sajjad Hussain Shah, FCA followed by the national anthem. Mrs. Badia Raza, the Regional Head - North was the Master of Ceremonies on both days. Hafiz Mohammad Yousaf, Chairman Golden Jubilee Celebrations Committee opened the inaugural session, welcoming the delegates, he summarised the activities of the entire Golden Jubilee Year. President ICAP, Mr. Rashid Rahman Mir highlighted the contribution and role of ICAP in national development and emphasized on the future developmental goals and plans of the Institute.

The speakers for the first day included Mr. Clive Parritt, President, Institute of Chartered Accountants in England and Wales, Mr. Shaukat Tarin S.I., Advisor Silk Bank and Former Minister for Finance. The chief guest of the inaugural session was Honourable Chief Justice of Lahore High Court, Mr. Justice Sheikh Azmat Saeed who highlighted the importance of the three pillars of the nation i.e., legislature, executive and judiciary.



The day two was action packed with technical sessions and panel discussions. The day opened with 'Human Capital - The Nucleus of Corporate Governance' followed by 'Energy - Engine for Economic Growth'. Post lunch an interesting panel discussion was moderated by Dr. Moeed Pirzada, Director World Affairs, Pakistan Television Corporation. The Final session was 'Economic Turmoil - Paradigm Shift in Global Economic Order'.

The concluding keynote was delivered by Mr. Shahid Hafeez Kardar, Former Governor State Bank of Pakistan. The Chief Guest for the closing session was Senator Mr. Muhammad Ishaq Dar, Former Minister for Finance, who reminded the audience that he was Vice President North when the Institute celebrated its Silver Jubilee. Mr. Nazir Ahmad Chaudhri Vice President North delivered vote of thanks. The session was very special due to the Golden Jubilee members being honoured for their contribution and dedicated services to the profession. The organising committee for concluding conference also received their shields from Senator Mr. Muhammad Ishaq Dar.



While the celebrations included conferences, programmes for the members and the students, another interesting feature was the recreational opportunities for its professionals and students in the form of golf and cricket tournaments.



## The ICAP Golden Jubilee T-20 Cricket Tournament

The ICAP Golden Jubilee T-20 Cricket Tournament started on September 17, 2011 and was played amongst nine Chartered Accountants firms and a team from the Institute at leading cricket grounds of Karachi. M. Yousuf Adil Saleem & Co. (MYASCO) and the Institute of Chartered Accountants of Pakistan cruised into the final after defeating their opponent teams Rehman Sarfraz Rahim Iqbal Rafiq (RSRIR) and KPMG Taseer Hadi & Co. on October 23rd and 30th 2011 respectively. On November 4, 2011, MYASCO defeated the Institute of Chartered Accountants of Pakistan in the Final to become the well deserved champion of the ICAP Golden Jubilee T-20 Cricket Tournament 2011. The tournament's success was due to the participating teams, cheering and enthusiastic crowd, Institute staff and organizing committee who gave their heartiest efforts to make it a successful event.





## The ICAP Golden Jubilee Golf Tournaments

After the success of the golf tournament in Karachi and the interest generated by the members, a golf tournament was arranged at Islamabad Golf Club on December 10, 2011. The tournament attracted over 200 golfing enthusiasts from amongst diplomats, officials of multinationals and government departments, members of IGC and Chartered Accountants from Islamabad, Rawalpindi, Lahore and Karachi. The prize distribution ceremony was conducted by Mrs. Sadia Salman, ACA.

The Golden Jubilee Celebrations were concluded on February 26, 2012 in the form of a Golf Tournament held in Lahore on February 25, 2012 at Royal Palm Golf & Country Club. The tournament was a roaring success with the participation of more than 120 players including CEOs of leading organizations, top brass from the forces and government and chartered accountants. President ICAP, Mr. Rashid Rahman Mir, Vice President North, Mr. Nazir Ahmad Chaudhri, Chairman, Golden Jubilee Celebrations Committee, Hafiz Mohammad Yousaf and Chairman Education and Training Committee, Mr. Naeem Akhtar Sheikh took part in the balloon hoisting ceremony where hundreds of balloons carried the ICAP banner across the vast skies. The guest of Honour Governor Punjab, Sardar Muhammad Latif Khosa offered his felicitations to the leadership of the Institute for their vision and congratulated its members and students for being a part of a rich legacy. Hafiz Muhammad Yousaf, Chairman Golden Jubilee Celebrations Committee gave a quick brief of ICAP achievements, its vision, while mentioning the sheer jubilation and honour of being associated with the Golden Jubilee milestone of the Institute.



## Acknowledgement to ICAP Golden Jubilee Sponsors

The Council deeply acknowledges the support provided by the following sponsors in making the Golden Jubilee Celebrations a success:

- |                                          |                                              |
|------------------------------------------|----------------------------------------------|
| 1. Agritech Pakistan Limited             | 27. Lahore Stock Exchange                    |
| 2. Al Meezan Bank                        | 28. Meezan Bank Limited                      |
| 3. Al Meezan Investments Management      | 29. Millat Tractors Limited                  |
| 4. Al Baraka Bank                        | 30. Move & More. OMV                         |
| 5. Allied Bank Limited                   | 31. Muller and Phipps                        |
| 6. Arif Habib Limited                    | 32. Nestle Pakistan                          |
| 7. Askari Bank Limited                   | 33. Oil and Gas Development Co. Limited      |
| 8. Bank Alfalah Limited                  | 34. Pakistan Petroleum Limited               |
| 9. Bata Pakistan                         | 35. Pakistan State Oil Company Limited       |
| 10. Bestway Cement Limited               | 36. PARCO                                    |
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| 23. Jafer Brothers (Pvt) Limited         | 49. United Bank Limited                      |
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| 25. KAPCO                                | 51. World Call Telecom Limited               |
| 26. Lafarge Pakistan Cement Limited      |                                              |



## International Representations

### Meetings of the Accountancy Bodies

ICAP Council and Committee members nominated on the committees of the International Accountancy Bodies have attended the following meetings of the committees/ boards during the year:

### International Federation of Accountants (IFAC)

ICAP represents Pakistan on various Committees/Boards of IFAC and its nominated members playing an important role in strengthening the profession of accountancy globally. During the year, the following ICAP nominees represented ICAP on its different Committees/ Board:

<b>Syed Asad Ali Shah</b> <b>Zahid Iqbal Bhatti</b>	IFAC Board
<b>Mohammad Abdullah Yusuf</b> <b>Pervez Muslim (Technical Advisor)</b>	International Auditing and Assurance Standard Board
<b>Syed Mohammad Shabbar Zaidi</b> <b>Naeem Akhtar Sheikh (Technical Advisor)</b>	Professional Accountancy Organization Development Committee
<b>Yacoob Suttar</b> <b>Khalid Rahman (Technical Advisor)</b>	Professional Accountants in Business Committee
<b>Nazir Ahmad Chaudhri</b> (Attended as ICAP representative)	IFAC SMP Committee Forum and Meetings

### Confederation of Asian and Pacific Accountants (CAPA)

The Confederation of Asian and Pacific Accountants (CAPA) is the Regional Organisation representing national accountancy organisations in the Asia-Pacific region.

Mr. Saqib Masood, represented ICAP on CAPA as its Board Member and Mr. Rafaqatullah Babar as his Technical Advisor. They have attended meetings of CAPA Board, CAPA strategy committee meeting and CAPA conference during the year.

### South Asian Federation of Accountants (SAFA)

SAFA as a forum of professional accountancy bodies is committed to positioning, maintaining and developing the accountancy profession in SAARC Region and ensuring its continued eminence in the world of accountancy; in the public interest and towards broad economic development of the region.

ICAP is a founder member of SAFA. Its members represent ICAP on SAFA Board and on various technical committees and on task forces. Details of the SAFA Board and other committee meeting held and attended by ICAP nominated members are as follows:

<b>Mr. Abdul Rahim Suriya</b>	SAFA Board, SAFA International Conference and CMA Management Accounting Summit
<b>Mr. Rashid Rahman Mir</b>	SAFA Assembly and SAFA International Conference
<b>Mr. Nazir Ahmad Chaudhri</b>	SAFA Meetings and CMA Management Accounting Summit

### Saudi Organization for Certified Public Accountants (SOCPA)

An ICAP delegation of Mr. Rashid Rahman Mir, President, Mr. Hafiz Mohammad Yousaf, Chairman ICAP Golden Jubilee Committee and Mr. Amin Qureshi, President ICAP KSA Chapter visited SOCPA on February 1, 2012 and met the SOCPA team consisting of Dr. Ahmad Almeghames, Secretary General, Dr. Abdulrahman Alrazeen, Head of Standards Convergence Project and Mr. Muhammad Asif Iqbal, Technical Advisor. The meeting was held to review the progress on SOCPA-ICAP MOU which was entered by both the bodies in April 2011.

Dr. Abdulrahman Alrazeen informed that SOCPA has started working on the IFRS Convergence project. For this purpose, SOCPA is seeking to engage experts who are both well versed with IFRS and Islamic Accounting Standards. ICAP reiterated its full support to SOCPA for its IFRS Convergence project and offered SOCPA representatives to visit Pakistan or to hold video conferencing to allow SOCPA representatives to meet some of the Pakistani professionals who specialize in these areas. These areas will be explored further for mutual cooperation.

### IFRS Conference, Qassim University

Mr. Rashid Rahman Mir, President of the Institute, attended an IFRS Conference, organised by the Qassim University in Buraidah, Saudi Arabia in May 2012. In the Conference he spoke on "Lessons learned in transitioning to IFRS in Pakistan".

### Asian-Oceanian Standard-Setters Group

The third Annual Meeting of the Asian-Oceanian Standard Setters Group (AOSSG) was held in Melbourne, Australia on November 23 and 24 2011. The meeting was hosted by the Australian Accounting Standards Board (AASB) and attended by 21 member standard setters as well as representatives of the International Accounting Standards Board (IASB) and representatives of the International Financial Reporting Standards Foundation.

The President ICAP, Mr. Rashid Rahman Mir and Council member, Hafiz Mohammad Yousaf represented ICAP as participants from Pakistan. During the meeting, IASB members provided an update on recent activities, including in particular, progress on the Financial Instruments, Revenue Recognition, Leases and Insurance Contracts projects.

The AOSSG also had an informal gathering on March 25, 2012 at Kuala Lumpur to discuss the future AOSSG initiative and the progress on the projects such as Financial Instruments, Revenue Recognition, Leases, Agriculture and Insurance Contracts, etc.

### Pakistan's Representation at International Summit on Sustainability

The Institute of Certified Management Accountants of Sri Lanka (ICMAS) held an international summit on 21st to 23rd June 2012, on 'Sustainability and Corporate Social Responsibility' at Colombo, Sri Lanka. The event was attended by representatives from industry and practice from the region.

Mr. Abdul Rahim Suriya, Past President ICAP, chaired the session on 'Improving Governance and Performance in Organisations' and explained the importance of governance, risk and compliance in running an efficient organization. He said that without these vital ingredients, performance of an organization and its long term sustainability remains at risk. A video clip on Business Decisions and Risk was shown, which was appreciated by the audience.

Mr. Hanif Ajari, Ex-Vice President ICMAP, while discussing 'Sustainability and Corporate Finance', expressed that capacity of a firm to continue operating over a long period of time is 'Sustainability' and is dependent on continuous relationship with its stakeholders.

Mr. Naveed Abdul Hameed, member of the Institute presented a technical research paper which was highly appreciated by the audience. He discussed 'How IFRS can enable Environmental, Social and Governance (ESG) reporting'.

The presentations have been placed on Institute's website and can be accessed from the following link: <http://www.icap.org.pk/web/links/11/scheduleofeventsheld.php>

## Education and Examinations

### Education Reforms

The current Council after taking over charge in September, 2009 embarked upon a zero based review of education, training and examination scheme. As a result, a comprehensive reform has been undertaken to achieve the professional excellence being the primary goal set by the Institute.

Some of the major initiatives finalized by the Council are:

- Extending study support to the students by providing exam specific study material which would form a knowledge-universe eliminating factor of uncertainty in teaching, studying and setting exams for the qualification;
- Ensuring high-end professional competence through multi-subject assessments that should match with the expectation of the client and employer;
- Using computer based testing to provide flexibility, consistency and objectivity in early stage examinations;
- Enhancing collaboration with higher education Institutes by recognizing the courses covered at degree level.

These initiatives involve extraordinary efforts and resources and the Council, accordingly, has chalked out a work plan to accomplish the task efficiently. The negotiations with consultants and services providers on the initiatives are in progress.

### Study Pack

The process of acquiring services of study pack developers has been started and is expected to bring results in the next year. The Institute has selected one of the leading UK based publishers for the assignment. The Institute would establish a permanent in house division to ensure timely supply of updated study material to students throughout Pakistan. The Institute is putting maximum efforts to bring high quality material that should match with the standing of ICAP in the profession.



## Counselling Sessions

Regular Career Counselling Sessions have been held at around 25 colleges and schools at Karachi, Lahore, Peshawar and Multan to ensure a regular flow of quality student to the profession. ICAP also participated in educational exhibition held in Hyderabad by PIEEE Expo in October 2011, in Scenario Group Expo held in Gujranwala, Faisalabad and Sahiwal in October 2011 and in ACTEPR Mega Education Fair-2012 held at Lahore International Expo Centre in 2012. The Institute also participated in few small scale college level exhibitions like International School of Choueifat, Lahore, The City School, Ravi Campus, Lahore, and The City School, PAF Chapter, Help desk session.

A group of students of BVS Parsi School visited ICAP in November 2011. The purpose of the visit was to develop confidence among the students to interact with the professionals and to observe some of the prime functions of the Institute. The students took keen interest and were also provided counseling regarding the admission procedure, entry routes and significance of CA qualification.

## Training Organizations

During the year 7 more training organizations were authorized to provide the practical training of the Institute and 5 were cancelled on their own request making a total of 168 at the close of the year.

## Trainees Intake

The significant shift of intake of full time students from South to North during the last ten years has also impacted the ratio of trainees between both regions. This year over 60% of the total trainees were registered in the firms practicing in Northern Region.

## Registered Accounting Education Tutors

The role of RAETs is very important and critical in the success of reforms agenda of the Council. Education and Training Committee held a number of consultative sessions with RAETs and obtained valuable inputs in finalizing the reforms. The reformed education scheme would integrate the RAETs within the overall education system as an essential component.

During the year one RAET was included in the panel and three were delisted on their own request. Now there are 20 campuses in Northern Region and 10 campuses in Southern Region.

## Full time Students Intake

The profession has gained marked popularity in Northern Region during last ten years. The present trend of intake in Modular scheme shows that around 65% of the total intake is from the Northern Region.

Intake of fresh Students is showing declining trend, however it is strongly believed that the reforms agenda undertaken by the Council and concentrated efforts through dedicated marketing function would positively impact in the next three to four years.

## ICAP Examination Centre at Riyadh

During the year, the Institute established an examination centre in Riyadh, Saudi Arabia. In the first examination, 107 students were registered at Riyadh Centre. This is the second examination centre outside Pakistan after Dubai. 305 examinees (6% of total examinees) were registered in these two centres, for the Summer 2011 attempt.

## Recipients of Gold Medals and Merit Certificates for the Year 2011-12

### Gold Medals

#### FINAL EXAMINATION

##### Summer 2011

**Khizer Kapadia** S/o Muhammad Farooq Kapadia  
*Bhimji Gold Medal*  
Advanced Taxation, Module-F

**Hassan Hamid** S/o Hamid Ali  
*Irtiza Husain Gold Medal*  
Corporate Laws, Module-E

**ICAP Gold Medal (Dewan Mushtaq Group)**  
Advanced Accounting and Financial Reporting,  
Module-E

##### Winter 2011

**Ammar Ahmed** S/o Sheikh Muhammad Ahmed  
*Irtiza Husain Gold Medal*  
Corporate Laws, Module-E

**ICAP Gold Medal (Dewan Mushtaq Group)**  
Advanced Accounting and Financial Reporting,  
Module-E

#### INTERMEDIATE EXAMINATION

##### Autumn 2011

**Awais Mahmood** S/o Nasir Mahmood  
*Kasbati Memorial Gold Medal*  
Intermediate Examination, Module-C & D

##### Spring 2012

**Dur e Shehwar** D/o Muhammad Aslam Qureshi  
*ICAP Gold Medal*  
*(Ameena Khatib Foundation)*  
Financial Accounting, Module-C

### Merit Certificates

#### FOUNDATION AND INTERMEDIATE EXAMINATIONS

##### Autumn 2011

**Syed Muhammad Zain Raza**  
S/o Syed Wazir Iqbal Rizvi  
Functional English

**Faizan Idrees** S/o Idrees Munir  
Quantitative Methods

**Muhammad Usama Ahmad**  
S/o Mukhtar Ahmad  
Introduction to Financial Accounting

**Salman Khalid** S/o Khalid Latif  
Taxation

**Waqas Tariq** S/o Muhammad Tariq Saeed  
Company Law

**Awais Mahmood**  
S/o Nasir Mahmood  
Auditing  
Cost Accounting  
Information Technology

##### Spring 2012

**Shahrukh Khan**  
S/o Muhammad Hussain Khanzada  
Functional English

**Muhammad Salman Aziz** S/o Asad Aziz  
Introduction to Financial Accounting

**Muhammad Raza** S/o Ashiq Ali  
Cost Accounting

**Muaaz Tahir**  
S/o Muhammad Tahir Hussain  
Information Technology



## Gold Medals and Certificates Distribution Ceremonies

To honour and celebrate high achievers, ICAP organises Gold Medal & Merit Certificate Distribution Ceremony every year. The much anticipated event is graced by high achievers, their parents and dignitaries from different walks of life. Four ceremonies were conducted during the year, two at Lahore and two at Karachi. The Northern and Southern Regional Committees organized the ceremonies in a befitting manner.



The Gold Medal & Merit Certificates distribution ceremony for the qualifying students of Summer 2011 was held at Karachi on October 20, 2011. The ceremony was attended by ICAP Council members, past presidents, eminent professionals and parents of students.

Mr. Ebrahim Yacoob Sidat, Chief Executive Officer & Country Managing Partner, Ernst & Young Ford Rhodes Sidat Hyder, Mr. Mohammad Hanif Jhakura, Chief Executive Officer, Central Depository Company of Pakistan Limited, Mr. Teizoon Kisat, Managing Director, Orix Leasing Pakistan Limited, and Mr. Rashid Rahman Mir, President ICAP were the guest speakers. The awards were distributed by the guest speakers, President, Vice President - South and Council members of ICAP.

The Gold Medal & Merit Certificates distribution ceremony at Lahore was held on March 16, 2012. The ceremony honoured high achievers of Winter 2010 & Summer 2011. More than 130 students were conferred their certificates. The event was attended by more than 400 people including parents, senior chartered accountants, media personnel and dignitaries from various walks of life.



The ceremony was graced by Mr. Justice Sheikh Azmat Saeed, Chief Justice Lahore High Court as Chief Guest and Mr. Haroon Ahmad Khan, Managing Director, Pak Electron Limited was the keynote speaker. The President ICAP, Mr. Rashid Rahman Mir and Mr. Nazir Ahmad Chaudhri, Vice President ICAP congratulated the fresh Chartered Accountants and their families.





The Gold Medal & Merit Certificates distribution ceremony was held at Karachi on April 9, 2012 for the qualifying students of Winter 2011 and Merit Certificates for the outstanding students of the autumn 2011 examinations.

Mr. Rashid Rehman Mir, President ICAP. Mr. Muhammad Yousuf Adil, Past President ICAP and Mr. Zafar Iqbal Sobani, Chief Executive Officer, The Hub Power Company Limited, were the speakers who felicitated the newly qualified CAs and distributed certificates among them. The ceremony was concluded by vote of thanks by Mr. Riaz A. Rehman Chamdia, Honorary Secretary, Southern Regional Committee, ICAP.



The Gold Medal & Merit Certificates distribution ceremony for the qualifying students of Winter was held at Lahore on July 12, 2012. More than 70 graduates were conferred their certificates. The event was attended by more than 250 people, which included parents of the graduates, senior chartered accountants, representatives from the educational institutions, media personnel and dignitaries from various walks of life.

The ceremony was graced by the Chief Guest, Mr. Muhammad Hamza Shahbaz Sharif. Mr. Rashid Rahman Mir, President ICAP, Mr. Aftab Mahmood Butt, Chief Executive Officer, Energy, Kot Addu Power Co. Ltd. and Mr. Misbah Hassan Burney, Director Finance & Company Secretary, Tetra Pak Pakistan Ltd. were the keynote speakers.

## Benazir Bhutto Shaheed Youth Development Program (BBSYDP) Phase III

The Institute of Chartered Accountants of Pakistan continuing its role of contributing to society has put up a liaison with the Sports and Youth Affairs Department - Government of Sindh to provide expertise to unemployed youth of Sindh. The Institute and Sindh Government formalized the Phase III of BBSYDP in an event held in ICAP Karachi. Mr. Rashid Rahman Mir in his welcome speech congratulated the selected students of the programmes and emphasized that the youngsters passing out will be able to help the small traders and businessmen in matters relating to accounting, tax and compliance of corporate laws. Mr. Syed Faisal Ali Subzwari-Minister Youth Affairs praised the young students on this auspicious event and emphasized that these programs will add value to their qualification and develop their skills up to great extent. Mr. Khalid Rahman Vice President South delivered the vote of thanks and appreciated the initiative.



The Phase III of BBSYDP during the year 2012 includes two short training programmes of eight months duration and one comprehensive plan of Chartered Accountancy to be undertaken with ICAP.

For the CA qualification, students will be granted two years financial support by Sindh Government, thereafter the prescribed stipend for the rest of the time period will be provided by the training firms. The short training programmes comprise of 200 hours of coaching classes which will be provided by a registered RAET for two months and for the rest of 6 months students will be provided training by a firm. Sindh Government will provide financial assistance to the students during these eight months.

## Strategic Imperatives

The strategic imperatives set by the Council in the area of Education and Examinations include:

- Making qualitative changes in education and examinations to make it fully compatible with those of leading international CA Institutes.
- Meeting the growing expectations of the market from chartered accountants.

## Goals and Targets

The goals and targets set in the area of Education and Examinations include:

- Introducing the quality study packs to enable better preparation for the examinations.
- Re-defining the role of RAETs in providing quality education to students and in facilitating exam preparation.
- Attracting quality students from the best universities and colleges of the country to join ICAP by granting them credits/exemptions.
- Introducing a mid level qualification, for those students who failed in getting through modules E and F.
- Introducing a feedback system about the examinations so that in the light thereof improvements could be made.
- Conducting an independent review of the examination process/department to bring in fresh ideas and/or proposals to improve quality all around.
- Revision of syllabus and curriculum to bring the same at par with the syllabus and curriculum of other renowned Institutes.
- Introducing and promoting the concept of e-learning for students.



## Students' Section

### Students' Endowment Fund

The fund was established in 2008 and so far has benefited 655 students, out of which 2 have qualified as chartered accountants, 70 have passed the Intermediate examinations and 145 have completed the Foundation stage.

### Training Session

ICAP arranged interactive sessions for the students of SMPs at Islamabad, Karachi and Lahore. The sessions were focused on Audit cycle, planning and risk assessment procedures.

### CA Students' Conference



The Chartered Accountants Students Association (CASA) organised the CA Students' Conference on September 20, 2011 at Pearl Continental Hotel, Karachi. The Conference based on the theme: "Light a Candle rather than curse the darkness" was a channel for powerful ideas. The Conference was a platform where students were given unrestricted access to high end and prominent figures to deliberate on the significant developments in the business world. Professor Dr. Adeeb Rizvi was the chief guest of the Conference who is a beacon of hope and a role model for leadership. He emphasized that the youngsters must learn the acts of kindness, companionship, commitment and struggle to save those who cannot afford a proper treatment due to lack of funds. Mr. Najmus Saquib Hameed, Retired Company Chairman LRBT, Mr. Ebrahim Sidat, Past President ICAP, Mr. Shahzad Roy, Founder Zindagi Trust and Mr. Ghulam Mehdi, School of Leadership, were the guest speakers at the Conference who shared how to achieve success and inspire change in our developing nation. The students from Sri Lanka were also among the distinguished guests at the Conference who also visited the Institute of Chartered Accountants of Pakistan on September 21, 2011.

The Panel Discussion on "How professional accountants are lighting candles in various fields?" created the most interest with Mr. Adnan Mufti, Mr. Ahsan Anis, Mr. Fahd Younus and Mr. Mohammad Naved Ghani Hashmi as panellists. In the last session an outstanding art performance was given by the trainee students. In the end, Mr. Khalid Rahman, Vice President - South, extended his gratitude to the CASA, the foreign delegates and to all the participants of the Conference. He further emphasized the importance of holding such events for the students which will provide learning opportunities and inculcate desire to bring in the change.



## Preparing the Future Leaders

Continuing its quest of providing avenues to its students for the improvement of soft skills, the Institute held the Inter Firm Presentation Skills Competition on October 13, 2011 and the Fifth Inter-RAET Debate Competition on July 17, 2012 simultaneously at Islamabad, Karachi and Lahore.

## Inter Firm Presentation Skills Competition

The Inter Firm Presentation Skills Competition amongst CA Trainee Students was held on October 13, 2011 simultaneously at Islamabad, Karachi and Lahore.

**In Islamabad,** Syed Ahmed Abid, FCA and Mr. Ali Azeem Ikram, FCA formed the panel of esteemed judges. The first prize went to Talal Ur Rehman, the second was bagged by Maliha Ishtiaq while Rizwan Rahat clinched the third position.

**In Karachi,** Mr. Musharraf Zaman Khan, Executive Director, Skans School of Accountancy, Ms. Asma Zaidi, faculty member Skans School of Accountancy, Ms. Maria Javed, faculty member, CAMS College and Mr. Ashfaq Quettawala, Senior Manager Examination of the Institute of Chartered Accountants of Pakistan did the honour of judging the competition. Muhammad Ali Mooni stood first with Safwan Arshad securing the second place; the third position had two contenders and was jointly given to Asad Siddiqui and Sara Saleem Lalani.

**In Lahore,** Mr. Nazir Ahmad Chaudhri FCA, Vice President - North, graced the occasion as the Chief Guest. Mr. Shahid J. Kazi, President IFI Consultants, Mr. Javaid Munir, CFO of Millat Tractor performed the duties as judges. The first prize went to Aks-e-Fakhar, Talha Gul Khan secured the second place while the third place was clinched by Mubashir Ahmed. A special prize was given to Muhammad Naveed.





## Fifth Inter RAET Debate Competition

**In Islamabad** the competition was held amongst the students of all RAETs in Rawalpindi, Islamabad and Peshawar. The session was attended by more than hundred people. Fourteen students participated from different RAETs including two who came from Professional Academy of Commerce, Peshawar. Mr. Rashid Ibrahim, graced the event as the Chief Guest. Mr. Muhammad Saeed Akhter, Assistant Professor English, Islamabad Model Post Graduate College and Ms. Fareeda Habib, Director, The Optimizers (Pvt) Ltd were among the panel of judges.



All the debaters were awarded with certificates and winners were awarded with shields.

The first position was clinched by Faizan Bin Nisar, the second position was awarded to Jamal Ahmed Khan and the third position was shared by Waqar Jamshed and Saad Bin Asim Zubari.

**In Karachi** Professor Abdul Waheed Qureshi, retired Principal of COMMECS Institute of Business and Emerging Sciences was the chief guest and Mr. Ahmad Saeed, ICAP Council Member, Dr. Shahida Sajjad CPD Consultant, SRC and Ms. Ruqqiya Siddqui were among the judges who assessed the debaters on the content, delivery, argument extension, logical reasoning, timing. Professor Qureshi appreciated the students for their stirring debates and emphasized the importance of soft skills for students and Mr. Ahmed Saeed appreciated the ICAP's team for organizing the inspirational event.



The first prize was won by Sharyar, the second prize was shared jointly Shahruxh Khan and Rabiba Rafique. The third trophy was a tie between the two youngsters, Rizwan Abdullah and Saad Baig.

**In Lahore** the event was graced by Mr. Rashid Rahman Mir, President ICAP, as Chief Guest, Mr. Faisal Iqbal Khawaja, Member, Northern Regional Committee and Mr. Muhammad Ali Qamar, Senior Manager, Advisory with Ernst & Young, as the judges.



It was a successful event brimming with the positive energy of the upcoming accounting professionals.

The Judges spoke to the participants and the audience and gave some useful tips. Winner and runners up were presented with prizes by the Chief Guest. The first prize was won by Ahsan Sattar, the second prize was won by Amna Fazal. The third prize was clinched by Shoaib Shuja. The event was attended by more than 160 audiences from different RAETs.

## Membership

Our membership is growing at a gradual pace. Membership of the Institute on June 30, 2012 was 5,589 out of which 1,290 members are overseas which accounts for 23 percent of the total membership. During the year 2011-12, 371 new members were admitted to the Institute and memberships of 107 were restored, resulting in an increase of 478 members. Out of the total membership, 87 percent are employed in Commerce and Industry, Financial Institutions, Government departments and Education, and 13 percent are in public practice.

During the year, Council removed the names of 178 members from the register of members, under Section 19 of the Chartered Accountants Ordinance, 1961.

## Life Membership

A member attaining the age of 60 years and not holding a certificate of practice and also holding no office of profit is entitled to apply for life membership of the Institute on the payment of one-time fee of Rs. 3000. From July 1, 2011 till June 30, 2012, twenty members have been granted life membership of the Institute.

## Deceased Members

During the year some of our members left us for the heavenly abode. The Institute shares the loss and deeply empathizes with the pain of the families of the departed members. Members are requested to pray for the following departed souls:

Name of Member	R. No.
MINOCHER BYRAMJI MANA	0050
MOHAMMAD NUSRATULLAH SIDDIQUI	0071
AMIRBHAI RAMZANIBHAI SHAIKH	0075
HAFIZUDDIN ABDUL KADER KATARIWALA	0132
FAKHARUDDIN YOUSAFALI	0135
ABID HUSAIN	0168
ALI RAZA T. LAKHANI	0178
UMAR ISRAIL SIDDIQUI	0210
SYED SADAQAT HUSSAIN	0227
FAKHARUDDIN AHMAD	0287
ABDUL MAJEED CHAUDHRI	0567
MUHAMMAD HAROON MANSURI	1026
MOHAMMAD ASHRAF CHAUDHRY	1078
MOHAMMAD AHMED	1266
MUHAMMAD AZMAT	2400
FAHAD ASHRAF	5761



## Professional Misconduct / Investigation

The Institute continues its earnest endeavours to dispose of cases as soon as possible. The Investigation Committee of the Institute is a fact finding body which scrutinizes the complaints and after detailed review and analysis, provides its recommendation to the Council for decision. A summary of the complaints received and disposed off against students and members during the year is as follows:

Summary of Complaints Received and Disposed Off During the Year	2011-12
Cases at the beginning of the year	25
Complaints received during the year	36
	<hr/> 61
Cases disposed off during the year	(16)
Cases under review at the end of the year	<hr/> 45
Cases under review of the Investigation Committee	42
Cases under review of the Council	3
	<hr/> 45

The detail of disposal of cases is as follows:

Cases decided by Council	2011-12
Members Reprimanded without Name	4
Cases Closed	2
Total cases decided by Council	<hr/> 6
Cases dropped by the Investigation Committee	10
Total cases disposed off during the year	<hr/> 16

During the year five meetings of the Investigation Committee were held. The Committee after active deliberation and review of the merits of complaints finalized its conclusions on sixteen cases during the year. Out of these sixteen cases, ten cases were dropped by the Committee being without merit and did not require investigation and six cases were finalized for referring to the Council for decision. The Council disposed off six cases in total, during the year, out of which two were closed as no merit was found in the complaints whereas action was taken on four complaints.

## Technical Services

Through its various Committees the Directorate of Technical Services (DTS) is proactively supporting and assisting members in practice and industry and is influencing laws, regulations and market practices.

DTS work includes:

- 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 and responding to issues raised by members; and
- responding to formal and informal consultations from regulators, trade bodies and custodians of market practices.

## Proactive Involvement of DTS in Resolving Major Issues

The following projects were dealt with during the year:

### **Accounting framework for Independent Power Producers**

The SECP had asked the Institute to review the accounting framework for Independent Power Producers (IPPs) afresh as certain IPPs, constituted under the 2002 power policy, had approached the SECP to allow them to capitalize exchange loss on foreign currency loans under SECP Circular 11 of 2008 dated June 13, 2008.

The issue was examined thoroughly by the Institute's relevant Committee and after detailed deliberations with all the stakeholders, the Institute's recommendation were given to the SECP for the accounting framework for IPP's exempting all IPPs from the requirements of IFRIC 4 'Determining whether an Arrangement contains a Lease' and IFRIC 12 'Service Concession

Arrangements', allowing the capitalization of Exchange Differences to all other IPPs having foreign currency loans as allowed to IPPs under the 1994 policy in relaxation of the requirements contained in IAS 21 and to encourage gradual application of IAS 39.

On the basis of the recommendations of the Institute, the SECP issued SRO 24/ 2011 dated January 16, 2012, granting waiver from the requirements of:

- IFRIC 4 and 12 to all the companies including power companies
- IAS 21 to the extent of capitalization of exchange differences to power sector companies only

Those Power sector companies who choose to capitalise exchange differences are not allowed to recognise Embedded Derivative till Dec 31, 2012. From period beginning Jan 01, 2013, such companies are required to give additional disclosure for Embedded Derivative under IAS 39.

### **Amendments in the 5th Schedule to the Companies Ordinance, 1984**

ICAP comments were sent to SECP on proposed amendments in 5th Schedule of the Companies Ordinance 1984 with a view to eliminate dissimilarities between Fifth Schedule, Accounting & Financial Reporting standards for MSEs and SSEs and IFRSs applicable on ESEs.

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

### Profit and Loss Sharing on Deposits

During the year, the Standard on 'Profit and Loss Sharing on Deposits' has been finalised and approved by the Committee and is currently under consideration of Council for adoption. Further, ICAP comments on SBP's draft Instructions on 'Profit and Loss Distribution and Pool Management for Islamic Banking Institutions (IBIs)' have also been sent.

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

- 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:

- Exposure Draft of the Revised Code of Ethics for Chartered Accountants
- Revised TRs and ATRs

### Selected Opinions

Selected Opinions Volume XVII containing opinions issued during the period July 2011 to June 2012 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 replies are as follows:

- Temporary Exchange Fluctuation
- Deferred Taxation
- Applicable Tax Rate on Share of Surplus on Revaluation of Property Plant and Equipment Of Associate
- Interpretation of Section 208 of the Companies ordinance, 1984
- Accounting Treatment of an Investment in a Group Company
- Presentation of Non Controlling Interest in consolidated financial statements
- Application of IRR on HFT Categorized Instrument
- Obligation to follow IASs/IFRSs by Government Institution
- Accounting Treatment of Real Estate development business
- Date of signing of audit report by the external auditor
- Impairment of AFS Investment as per IAS-39
- Recognition of Deferred Tax Assets

These opinions are available on ICAP's website.

Comments on the following drafts Rules/Orders issued by SECP have been sent to the SECP:

- Amendments in the 'Companies (Issue of Capital) Rules, 1996'
- Draft 'Fertilizer Industry (Cost Accounting Records) Order, 2011'
- Draft 'Electric Power Generation Industry (Cost Accounting Records) Order, 2012'
- Draft Amendments In 'Voluntary Pension System Rules, 2005'



### **Matters under consideration**

- Gap analysis between IFRSs and disclosure requirements for NBFCs, Modaraba and Insurance Companies
- Adoption of IFRS 1, 9, 10, 11, 12 and 13.
- Developing Accounting Regulations and Financial Statements formats for Life and Non Life Insurance Companies
- Developing Accounting Regulations and Financial Statements formats for Takaful Companies
- Adoption of ISAE 3402 'Assurance Reports on Controls at a Service Organization' and ISAE 3420 'Assurance Engagements to Report On the Compilation of Pro Forma Financial Information Included In a Prospectus'
- Developing draft FAQs on revised Code of Ethics for Chartered Accountants
- Issue of standardization of auditors' report for different certifications
- Compilation on Modified Audit Reports for Guidance of members
- ICAP Guidelines for Accounting and Financial Reporting for NGOs/NPOs to be transformed into standards as suggested by SECP
- Banks Investment in the Unit of Mutual Fund managed by Subsidiary/ Associate AMC

### **Following matters are under consideration of the Council**

- Adoption of IFRS for SMEs
- Adoption of the revised ICAP Code of Ethics
- Standard on 'Profit and Loss Sharing on Deposits'
- AS 1 - An Audit of Internal Control Over Financial Reporting that is Integrated with an Audit of Financial Statements

## **IASB Pronouncements**

Comments on the following Exposure Drafts were sent to IASB:

- Offsetting Financial Assets and Financial Liabilities
- Improvements to IFRSs
- Investment Entities
- Revenue from Contracts with Customers:
- Transition Guidance (Proposed amendments to IFRS 10)

Exposure Draft - Proposed annual improvements to IFRS - the 2010-2012 cycle is under review of the appropriate committee.

## **IAASB Pronouncements**

Comments on the following pronouncements were sent to the IAASB/IESBA/COSO:

- Consultation paper - Enhancing the Value of Auditor Reporting: Exploring Options for Change.
- Exposure Draft issued by IESBA 'Proposed Changes to the code of ethics for Professional Accountants related to provisions addressing a breach of a Requirement of the Code'
- Exposure Draft issued by IESBA 'Proposed Changes to the Code of Ethics for Professional Accountants Addressing Conflicts of Interest'
- Public Exposure Draft issued by COSO on 'Internal Control - Integrated Framework'

## Coordination 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
- BSD Circular letter No.3 on Maturity and Interest Rate Sensitivity Gap Reporting
- Audit of PLS rates
- Issuance of Management Letters
- Issuance of certificates by CA firms for remittance of courier service charges
- Classification and Provisioning under the Prudential Regulations
- Issues with external audits of the Exchange Companies

## Coordination between ICAP and SECP

The SECP referring to the importance of cooperation and coordination with ICAP being the frontline regulator for accounting and auditing profession had proposed to have regular coordination meetings in 2004. This led to the formation of the ICAP and SECP Coordination Committee. The Coordination Committee benefits from synergic advantages of working together in achieving the common objective of transparent corporate sector.

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

- Amendments in Fourth Schedule of the Companies Ordinance 1984 to align them with the requirements of IFRSs
- Limited Liability Partnership (LLP) Act
- Response to EU on Audit Oversight Board
- Clarification on the definitions of the subsidiary and holding companies under Companies Ordinance, 1984 and IAS 27
- QCR program for auditors of Economically Significant Entities (ESEs) and Medium Sized Entities (MSEs)
- SECP request for conversion of ICAP's Financial Reporting guideline for NGOs in to Standards
- QCR requirement for Cost Auditors
- Amendments in qualifying criteria for the Accounting & Financial Reporting standards for MSEs and SSEs
- Element of Income in Mutual Funds

During the year, the following matters were referred by SECP to the Company Law Review Commission (CLRC):

- Revision in Audit Report format as given in Form 35 A
- Amendments in Companies Ordinance, 1984 and full compliance of IFRSs

## Joint Committee of ICAP and ICMAP

### Best Corporate Reports Awards Criteria for 2012

The Evaluation Committee for the Best Corporate Reports Awards which is a Sub-Committee of the Joint Committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan has revised the criteria for 2012 to enhance the quality of corporate communication. The revised criteria has been improved based on the IFRS Practice Statement - Management Commentary and Code of Corporate Governance best practices.



In order to provide an opportunity to all the entities to participate, all annual reports will be considered for this competition from 2012; however, annual reports not containing a clean audit report would be subject to a deduction of a maximum of 5 marks.

The BCR Criteria 2012 is available at the websites of both the Institutes at the following web links: [http://www.icap.org.pk/userfiles/file/TechnicalDept/BCR\\_Criteria\\_2012.pdf](http://www.icap.org.pk/userfiles/file/TechnicalDept/BCR_Criteria_2012.pdf)  
[www.icmap.com.pk/NewsManagement.aspx](http://www.icmap.com.pk/NewsManagement.aspx)

### **Best Corporate Report Awards 2010**

It has been more than a decade since the Committee has been organising the Best Corporate Reports Award. The awards have been instrumental in the improvement of the quality of information disclosed by the companies. The 11th Best Corporate Report (BCR) Awards 2010 ceremony was organized by the Joint Committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan on November 11, 2011. Mr. A.N. Raman, President SAFA was the Chief Guest of the ceremony. Overall 1st position was secured by Fauji Fertilizers Company Limited.

The list of winners is available at the following web link:  
[http://www.icap.org.pk/userfiles/file/TechnicalDept/winners\\_2010.pdf](http://www.icap.org.pk/userfiles/file/TechnicalDept/winners_2010.pdf)

Three more categories i.e. Mutual Funds, Non-profit Organizations and Sugar & Cement have been included to the existing categories for a better comparison amongst sector wise grouping of the companies which will be effective for the financial statements of 2012.



### **Best Sustainability Report Award Criteria**

In order to promote the responsible reporting by companies covering the economic, environment and social performance of the business, the Committee has launched a new award namely 'Best Sustainability Report Award'. The Criteria for the 'Best Sustainability Report' Award is based on the internationally recognized Framework; G3 Guidelines of Global Reporting Initiative (GRI), an international standard on Sustainability Reporting that has also been recognized by the International Federation of Accountants (IFAC). The criteria is available at the websites of the Institute at the following web links:

[http://www.icap.org.pk/userfiles/file/TechnicalDept/sustainability\\_report\\_award.pdf](http://www.icap.org.pk/userfiles/file/TechnicalDept/sustainability_report_award.pdf)



### **Best Sustainability Report Award 2010**

The Best Sustainability Report (BSR) award was planned to be launched from the accounting period closing in the year 2011. However, a soft launch was made this year to increase awareness amongst general public. The BSR Award 2010 was given to Attock Refinery Limited. Merit Certificates and Appreciation Certificates were also given to companies as token of appreciation of their initiative for sustainability reporting. The list of companies participated in the BSR Awards 2010 is available at the following web link:

<http://www.icap.org.pk/userfiles/file/TechnicalDept/BSR2010.pdf>

### **SAFA Best Presented Reports Awards 2010**

The South Asian Federation of Accountants (SAFA), Best Presented Accounts Awards and Corporate Governance Disclosure (SAFA BPA & CG) 2010 Awards Ceremony was organized on 29 November, 2011 at Dhaka, Bangladesh. Seventeen companies nominated by the Institute from amongst the BCR 2010 winners secured the following positions in their respective categories:



#### **MCB Bank Limited and Askari Bank Limited**

Joint 2nd Runner up in the Banking Sector

#### **Atlas Insurance Limited**

Joint Winner in the Insurance Sector

#### **Arif Habib Securities Limited**

Joint 1st Runner-up in the Financial Services Sector

#### **Fauji Fertilizer Company Limited and Siemens (Pakistan) Engineering Company Limited**

Joint Winners in the Manufacturing Sector

#### **Pakistan Petroleum Limited**

Joint 2nd Runner-up In the Manufacturing Sector

**Pakistan Telecommunication Company Limited**

2nd Runner-up in the Communication & Information Technology sector

**Shifa International Hospital Limited**

2nd Runner-up in the Services sector

**Siemens (Pakistan) Engineering Company Limited**

Joint 2nd Runner-up in the Corporate Governance Disclosure Award

Other Pakistani companies have also received **Certificate of Merit Awards** in their respective categories. The list of winners is available at the following web link:

<http://www.icap.org.pk/userfiles/file/TechnicalDepart/SAFA-winners2010.pdf>

## Taxation Committee

### Federal Budget Proposals 2012- 2013

The Committee on Taxation developed detailed proposals on Direct and Indirect Taxes and submitted to the Government for incorporation in the Federal Budget for the year 2012-2013. The Committee held three discussion sessions with the members at ICAP Karachi, Lahore and Islamabad. FBR Chairman and his team including Member Inland Revenue and Chief Commissioners of LTU and RTOs were invited to ICAP Karachi to discuss the budget proposals. ICAP Budget proposals booklets were sent to the Federal Board of Revenue, Ministry of Finance, Federal Ministers, the Members of the Standing Committees on Finance, Revenue of the National Assembly and the Senate. The proposals mainly covered broadening tax base, improvement of revenue collections, confidence building, simplification and removal of ambiguities in taxation laws that would ultimately lead towards promotion of tax culture.

We are pleased to report that these were duly considered and quite few of them found place in Finance Act 2012.

### Budget Proposals on Sindh Sales Tax on Services Act 2011

Budget proposals on Sindh Sales Tax on Services Act 2011 were sent to the Sindh Revenue Board (SRB), following a workshop held at ICAP Karachi on January 26, 2012 on Sindh Sales Tax on Services Act 2011, which was also attended by the representatives of the SRB.

## Financial Sector Committee

During the year, following matters were discussed by the Committee:

- BSD Circular letter No.3 on Maturity and Interest Rate Sensitivity Gap Reporting
- Phased implementation of IAS 39
- Developing parameters for testing the IAS 39 model
- Review of Prudential Regulation-8
- IAS 40 implementation for Banks and DFIs

## Public Sector Committee

The Public Sector Committee (PSC) was formed by the Institute to serve public interest by promoting adherence to high quality financial reporting through public sector accounting standards, furthering the convergence of such standards and providing guidance for financial information reported by the public sector.

During the year, ICAP comments were sent to SECP on Draft 'Public Sector Companies (Corporate Governance) Regulations, 2012.

Following matters are under consideration of the Committee:

- Arranging seminars on different accounting and auditing topics for public sector entities in collaboration with the AGP.
- Signing of MOU between ICAP, AGP and the Controller General of Accounts (CGA) for the improvement of Auditing, Accounting, and Financial Management in accordance with international standards and best practices in the public and private sectors.

## 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.

## Energy Report

The current energy crisis is a major impediment to the country's economic growth and requires urgent policy and governance reforms. The energy situation in the country is deteriorating day by day with growing shortages of power and natural gas. The energy crises facing the nation in the recent times had been a point of concern to the Committee, and due to significance of the matter, a comprehensive Energy Report was developed by the Committee.

The report encompassed the key challenges facing the country due to energy crises and set of recommendations to resurrect Pakistan's continuing decline. The report was sent to the Ministry of Finance, Ministry of Petroleum and Ministry of Water and Power.

## Development of Cost Accounting and Auditing Frameworks

A Committee comprising of representatives of ICAP, SECP and ICMAP has been constituted to develop Cost Accounting and Auditing Frameworks. The objective of the development of the said Frameworks is to monitor the quality of work performed by the cost auditors for the purposes of rendering a report as required under the Companies Ordinance, 1984.

In the first phase the Committee would develop the Cost Accounting Standards which would include cost accounting standards in respect of various heads of expenditure (cost). A Sub-committee comprising of representatives for each of the three bodies is engaged in this work at present. In the second phase the Committee would develop the Cost Auditing Standards. The development of the cost auditing standards would be the responsibility of ICAP.



## Other Committees

### Continuous Professional Development Committee

#### CPD Revised Directive 8.01

The Institute has recently revised its CPD Directive 8.01 which will improve the effectiveness of the professional development process of the members. According to the adopted combination approach, members are required to complete at least 120 hours or equivalent learning units of relevant professional development activity in each rolling three-year period subject to a minimum 20 hours in each year. Out of the 120 hours, 60 hours or equivalent learning units should be verifiable. The first rolling period of all existing members started on July 1, 2012 and would end on June 30, 2015.

The first rolling period started with a past-compliant status for all members who had deficiencies in their CPD account. Members with surplus CPD hours started their rolling period with full credit equivalent to their surplus as at June 30, 2012.

Under the revised Directive the responsibility of keeping evidences now rests with the members. The Institute would maintain the account on the basis of periodic declaration of the members made on prescribed form at least once in a year.

#### Collaboration with Management Training Institutes

ICAP has stepped forward to collaborate with management training institutes and organisations. Recently ICAP has made arrangement with IBA to offer 25% discount to ICAP members on their open enrolment programs. Few other reputable organisations have also been entertained on case to case basis.

#### Collaboration with PICG

ICAP in collaboration with PICG organised Corporate Governance Leadership Skills Program (CGLS) at reduced cost of Rs. 125,000/- per participant. The Program was held at Pearl Continental Hotel from May 28 to May 31, 2012. Sixteen ICAP members attended the program and were awarded with Certified Directors' Certificate. A list of ICAP members who have obtained Certified Directors' certificate from PICG is also available at ICAPs website.

#### CPD Programmes

Organising CPD activities has been one of the prime assignments of the Regional Committees of the Institute since 1995, when the council entrusted Regional Committees with the task to conduct CPD activities. However, the overall directions and policy formulation remained with the CPD Committee formed by the Council. Additionally, the overseas chapters of ICAP members are now also gearing up to provide CPD opportunities to overseas members.

The activities undertaken are as follows:

Southern Regional Committee	20 programmes
Northern Regional Committee	50 programmes
Kingdom of Saudi Arabia Chapter of ICAP Members	8 programmes
Canada Chapter of ICAP members	1 programme

#### CFO Conferences

Two CFO Conferences were held during the year in Karachi and Islamabad on March 28 and April 2, 2011 respectively, with the theme "CFOs - Driving Sustainable Organisational Success". The conferences were attended by around 1000 professionals.

## Top CPD Earners

The following members have earned maximum CPD hours during July 2011 - June 2012

S.No.	Name	Location	CPD Hours
01	Muhammad Ashhad Bhatti, ACA(R-5481)	Karachi	371
02	Mohsin Nusrullah, FCA (3722)	Lahore	291
03	Rahaila Izzet Aleem, ACA (6515)	Karachi	283
04	Muhammad Farid Alam, FCA (R-2418)	Karachi	258
05	Aamir, ACA (R-4102)	Karachi	246

## PERN II

The Institute for its members and students acquired the connectivity of the Pakistan Educational Research Network II of HEC. This facility provides access to a wide range of research papers and other learning resources. Over 1000 members and students have already registered for the facility.

## Webinars

The European Commission published a Green Paper on VAT, with an objective to launch a broad based consultation process with stakeholders on the functioning of the current VAT system and how to reframe it. The papers focuses on chargeability of cross border supplies within the European Union to VAT.

Institute of Cost Accountants of India hosted a webinar on March 23, 2012 to discuss the issues arising out of the Green Paper. The webinar was attended by Director Technical Services along with representatives from other SAFA members. Mr. Ernesto Gatto presented the paper discussing:

- Standard VAT obligations on declaration/invoicing
- Broaden tax base and limiting reduced rates
- Phase out existing exemptions for public bodies
- Abolish exemptions for passenger transport services
- Web portal for binding information on goods and services not covered by standard rates

## Strategic Imperatives

The strategic imperatives set by the Council in the area of Continuous Professional Development of members include:

- Providing stakeholders with relevant and timely thought leadership, guidance, continuing education, products and services
- Making arrangements with reputable management training institutes to offer special arrangements to ICAP members on their open enrolment programs

## Goals and Targets

The goals and targets set in the area of Continuous Professional Development of the members include:

- MOU with Quality Executive Development Centres such as LUMS, PIMS for replicating their existing program exclusively for ICAP members.
- A live relay facility of CPD Program to be provided by up-gradation of IT infrastructure in smaller cities specially Faisalabad, Multan and Peshawar.
- A complete overhaul of the website as a key member interface, communication channel and knowledge portal.
- Formulating a competency plan for major roles that are performed by a member whereby facilitating members to make effective CPD planning

## Overseas Coordination Committee

### Overseas Chapters

With the establishment of three new chapters in countries, namely Canada, Kingdom of Saudi Arabia and United Arab Emirates, the Institute now has four Overseas Chapters of ICAP Members. The chapters of ICAP members now in place represent over 1100 members residing overseas. Overseas chapters are providing a forum to members to interact with each other and remain in touch with their Institute and also promote the voice of overseas members as well as facilitate in pursuing professional opportunities. The Chapters are preparing plans of different activities to achieve the objectives set by the Institute.

### Mutual Recognition Arrangement

The Institute believes that in the recent era of globalisation international recognition of a qualification provides free mobility of members. With this objective in 2007 an arrangement was done with ICAEW. This year the Institute signed another MOU with Canadian Institute of Chartered Accountants (CICA), which specifies reduced requirement for ICAP members to gain membership of CICA. Under the MOU, an ICAP member who holds a recognized university degree will be eligible to become a Canadian CA by passing the Canadian Uniform Evaluation (UFE), which is offered annually in Canada. In addition, the candidate must meet the profession's experience requirements.

### Strategic Imperatives

The strategic imperatives set for strengthening the global positioning of the Institute include:

- Strengthening Institute's claim for international recognition
- Facilitate international mobility of ICAP members
- Increase and enhance reciprocity arrangements with other leading foreign professional bodies
- Providing support to overseas chapters in advocating ICAP brand in international market

### Goals and Targets

The goals and targets set in the area of global positioning of the Institute include:

- Expediting dialogue with renowned Institutes of the world for the mutual recognition and collaboration to create career opportunity and flexibility for the members.
- Establishing structured and formal channel for communication with Overseas Chapters



## Committee on Professional Accountants in Business

The PAIB Committee provides resources and facilitates the exchange of knowledge and best practices among the professional accountants employed in commerce, industry, financial services, the public sector, education and the not-for-profit sector. Its aim is to enhance the role of professional accountants in business by encouraging and facilitating them in gaining the knowledge and adoption of best practices. The PAIB Committee focuses on educating a wide range of stakeholders about role of professional accountants in business.

The Committee has organised two successful CFO Conferences during the year at Karachi and Islamabad. The Conferences were themed as “CFOs-Driving Sustainable Organisational Success”. Both the conferences were well attended and appreciated for their apt theme, speakers and arrangement. In order to celebrate and honour the outstanding contributions of our members, PAIB Committee has conducted the 'Second Professional Excellence Awards' of the Institute.

The Committee has developed a Centre for Excellence for convenience of the members. A handful of speeches, presentation/videos, discussions by leading national and international speakers on varied topics and issues discussed on earlier CFO conferences may be viewed at the Centre for Excellence. The Committee has also uploaded certain policies and procedures for the convenience of members working in the industry.

### ICAP CFO Conference

The annual CFO Conferences of the Institute were held in Karachi and Islamabad on March 28 and April 2, 2012. The conference was themed as “CFOs - Driving Sustainable Organisational Success”.

The Vice President South, Mr. Khalid Rahman, FCA welcomed the delegates and participants, in the conference at Karachi. He highlighted the evolving role of finance in the emerging times citing the CFO as the key to growth of the corporate sector. He also lauded the Professional Excellence Awards, an initiative of the Professional Accountants in Business (PAIB) Committee to acknowledge the professionals who have excelled and contributed to the success of their organisations.



In Islamabad, the Vice President North, Mr. Nazir Ahmed Chaudry, FCA welcomed the distinguished participants and highlighted the vision of the Institute. He reinstated the commitment of PAIB committee of ICAP to ensure that similar conferences be held in future, as they are crucial for providing learning and networking opportunities to professional accountants.



At both locations the delegates got the opportunity to listen to Mr. James Lockyer, Director at the Association of Corporate Treasurers, UK who shared his views on “Driving the Business- A CFO Perspective”. In his presentation he showcased the close proximity that both the CFO and the treasurer share. The conference included unique sessions such as Cloud Computing, Legalities essential for a CFO as well as the CFO rapid fire session in which the participating CFO's presented a business challenge faced by their organisation and the strategies they implemented to successfully overcome it.



### Second Professional Excellence Awards

The Second Professional Excellence Awards were held in the first session at the Karachi Conference; Mr. Yacoob Suttar apprised the delegates of the criteria and the Jury of the Awards, while acknowledging all entries citing them to be the silent warriors of the corporate sector. The winners of the year 2012 were Synthetic product Enterprises Limited, Engro Foods Limited and A.F Ferguson & Co. Mr. Yacoob Suttar shared with the delegates the initiatives of the PAIB committee including the recent webpage developed by the Committee. The webpage is being termed as the Centre of Excellence contain all the presentations made by the renowned speakers during the last four CFO conferences, in addition to the updates of the PAIB committee activities.

The delegates as well as the speakers appreciated both the conferences and applauded the efforts of the PAIB committee, as well as Terrabiz which endured smooth operation and management of the conference at both locations.



## Publications Committee

The Publications Committee throughout the year remained focused towards ensuring quality communications with the support of the Publication Department which constantly endeavours in crafting distinctive communications to link the Institute to its stakeholders and the general public.

This year the Committee operated more effectively through division of work to sub committees and collaborated mostly via conference call or on emails. The sub-committees primarily looked after themes, article reviews and content requisition and other matters etc.

The committee's main concern during the year was the lack of material for the publications in this regard, members were approached with a request for more contribution for the institute's publications. The department also approached notable authors and sought cooperation from the regional committees as well.

The committee increased the remuneration keeping as the rates were last revised in 2005. It is also working to increase the credit hours awarded for reviewing, authoring and reading the articles for the Pakistan Accountant.

As a major breakthrough the Publications department is trying to get accreditation for Pakistan Accountant from the Higher Education Commission of Pakistan. The committee and the Publication Department is working to meet specified criteria to qualify for subsidisation of Pakistan Accountant by the HEC. This aspect is necessary to maintain and improve the quality standards through the accreditation. Ground work has been carried out and soon the committee will be approaching HEC.

Realising that information technology is the way forward, the department was approached from Asia Net and the Asia Net Survey MoU with the Publications Department is in pipeline for the electronic distribution of Pakistan Accountant and the legalities are being sorted out.

In order to ensure timely publications, the Department is trying to manage and form a data bank for the Pakistan Accountant with the help of members, students and freelance writers. Keeping in view the extent of the social media the department is keen to venture into the social media communications for the Institute. The social media will increase the interaction of the institute with its stakeholders especially the students and overseas members.

Publications Department continued to provide creative and editorial support for special events such as CFO Conferences, Golden Jubilee Concluding Conference and Students' Events. On the occasion of Golden Jubilee Concluding Conference the department was also involved in publishing the conference booklet to commemorate the year long celebrations of the Golden Jubilee year by the Institute. In addition, the department is also working on the Institute's history encompassing the five decades of the Institute. The Institute to ensure that all aspects of the history are documented and that the authentic information is used, has prolonged the process though the outcome is well worth the wait. The project is in its final stage and will soon be shared with the stakeholders.

The aim of publications is to ensure that members and students are aware of the activities of the Institute and the profession and receive information pertinent for their use. Publications soon plans to include columns related to management for students and young professionals in the Newsletter.



## Small and Medium Practices Committee

The practicing firms in Pakistan are significantly comprised of SMPs. The SMPs help support the health and prosperity of the Small and Medium Entity Sector which accounts for the majority of private sector employment and GDP.

Keeping in view the above, the Council formed the Small & Medium Practices Committee. According to terms of reference, the objectives of the Committee are as follows:

- i) To identify problems and issues faced by the SMPs and to closely work with ICAP committees / Boards to ensure that they are aware of the issues relevant to SMPs and are giving due consideration to these issues.
- ii) To analyse and assess the impact of the IT revolution on the SMPs. Updating the SMPs on the emerging IT revolution and adoption of and use IT in the conduct of their professional practice.
- iii) To review international and regional best practices and to consider their adoption by the SMPs after affecting suitable changes therein in the context of the business requirements as well as local environment.
- iv) To coordinate with ICAP for issuance of consultation papers, initiating debates or discussion on issues affecting the SMPs and finalize recommendation for guidance of the SMPs and to develop manuals / guidelines to facilitate the SMPs to conduct their professional practice smoothly and efficiently while being competitive.
- v) To develop mechanism / forum for the professional development of the partners of SMPs and their staff.

Four meetings of the Committee were held during the period and the following matters were discussed and the following recommendations were presented to the council for consideration:

- 1. No additional changes to the existing practicing license requirements.
- 2. Proposed for the withdrawal of joint notification of SBP & SECP (dated February 25, 2004) regarding appointment of same audit firm by the banks for the audits of banks' inter-related companies.
- 3. Mandatory statutory audits of bank branches in Pakistan and presentation of concept paper.
- 4. Change in period of holding of annual general meeting under section 158 of the Companies Ordinance, 1984 from four to six months from the close of financial year, in case of non-listed entities.

## Support Services

### Information Technology

The Information Technology Department is responsible for modernising, unlocking, and innovating to improve IT infrastructure and service delivery of the Institute.

The mission of Information Technology department is to provide strategic IT vision, leadership, and enterprise solutions to the staff so they can meet their goals, deliver results, and enhance the Institute's position within the country and abroad.

IT Department has always actively participated in the overall development of Institute's IT and Communication infrastructure. Some salient features of the activities of the department are enumerated below:

#### ICAP ERP System

Enhancement of the ICAP-ERP system is an ongoing process with the development of different new modules. The existing modules are being updated as per the business requirement of the Institute. The main feature of the ERP system is that it provides a centralized data base at the Head Office Data Centre while all the other ICAP office are operating the same from their respective locations through Internet protocol. Besides this, different MIS reports from the Main Data Centre are accessible to all ICAP offices.

#### Meeting and Minutes Management System

Meeting Management system software has been developed and is now in the implementation phase. This software will cater to all the requirements for meeting documentation right from the issuance of notice to the compilation of minutes. Later on, the facility of search by a keyword is possible from these minutes. All archived minutes will also be available through this system.

#### Task and Document Management System

After the successful launch of the Integrated Task Management System Software, further module of the Document Management System have been developed and implemented. With this system, tracking and filing of all documents has considerably improved. This module is playing a significant role in operations of the newly established record room and Dispatch department.

#### E-Voting

Like previous year, IT department has once again successfully carried out e-Voting of ICAP - Canada Chapter and CASA (South) on a very short notice of 4 days to prove its commitment, professionalism and high performance with integrity and honesty towards the Institute.

#### Upgradation of Online Payment System

For conduct of all Online Payment Transactions in a secured manner, Payment Portion of the Institute website has been deployed with Secure Socket Layer (SSL). With this step, encrypted information sent across the Internet so that only the intended recipient can receive it properly and hackers cannot misuse or interrupt it during the transaction process.

### **Video Conferencing**

This year almost 200 committee meetings have been carried out through Video Conferencing (VC) which has saved significant cost and time. The Department has taken various initiatives towards promotion of technology innovation in the field of Electronics & Information Technology. In this regard, Video Conferencing Equipment of Karachi, Lahore and Islamabad offices have been replaced with the latest models which will significantly improve the quality of VC sessions. Existing VC Equipment of Lahore and Islamabad will be shifted to ICAP Peshawar and Multan offices to strengthen the technology incubation between centres of the Institute.

### **Job Placement Portal**

In view of the overall job crises, ICAP Job Placement Portal has been initiated through which the members looking for better jobs can register their details using their login ID & password. Employers send their requirements and the same is being placed on the career page portal for members. With this facility many organizations and practicing firms have successfully hired Chartered Accountants. To ensure confidentiality of the registered members no resume will be forwarded to any employer without the consent of the concerned individual.

### **PERN 2**

A major initiative of the Institute for ushering in e-Learning on national scale is PERN2. PERN2 Facility is being accessed by members and students from their own premises and this facility is also available at member's library at all ICAP offices.

### **Other Activities**

Separate web portal has been designed, developed and uploaded on the website for Professional Accountants in Business (PAIB).

For All the events of the Golden Jubilee celebrations, IT department was actively involved in websites development, online registration, event attendance and technical support.

Directory of Members and Firms 2012-13 has been uploaded on the Institute's website on July 1, 2012. Further, the project of Membership Cards printing is going on smoothly, now new members are getting their membership card along with their membership certificate.



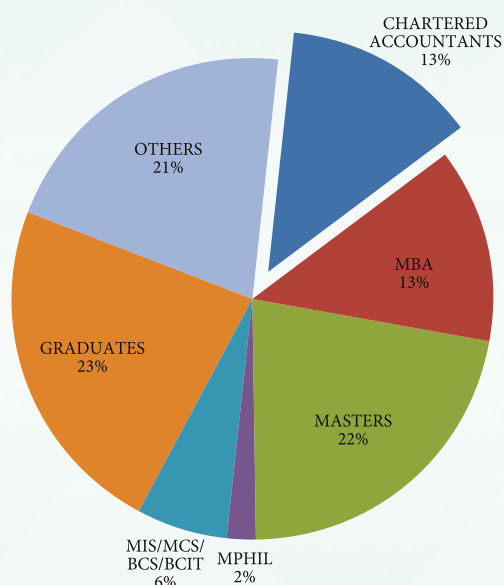
## Human Resources and Administration

With the Institute stepping into the fifty first year of its existence the Human resource department is expected to play a bigger role. In the new era the challenge lies with ensuring that the Institute is ready and equipped with the right resources at the right time in order to successfully achieve the strategic objectives. The HR role is not merely limited to the nurturing and providing resources rather it has an important role in determining and steering the organization towards its strategic goals.

### Hiring and Staff Strength

This year ICAP inducted 13 individuals including qualified MBAs, Masters, Bachelors and I.T professional. This year the total staff strength was 176.

STRENGTH OF ICAP EMPLOYEES			
Department	SOUTH	NORTH	TOTAL
Secretariat	6	0	6
Investigation	2	0	2
Membership	4	0	4
Examinations	55	3	58
Education and Training/CPD	13	10	23
Quality Assurance	4	1	5
Technical Services	7	0	7
Internal Audit	2	0	2
Finance / Benevolent Fund	9	2	11
Information Technology	7	2	9
Publications	2	0	2
MARCOM (newly established)	-	1	1
Human Resources	3	1	4
Administration	22	20	42
<b>SUB TOTAL</b>	<b>136</b>	<b>40</b>	<b>176</b>



GENDER WISE	
Male	132
Female	44

## Establishment of MARCOM

Keeping in mind the growing needs of the Institute a separate department of Marketing and Communication (MARCOM) has been established. MARCOM will be the voice of the Institute, strengthen the bond between the Institutes, its members and students, and protect and enhance the corporate image of ICAP. The purpose is to serve as a corporate architecture, ensure alignment of all activities with the Institute's brand identity and vision.

To take a step forward to functionalise the MARCOM, Mrs. Badia Raza, Regional Head, North has been promoted and re-designated as Country Head - Marketing & Communication (MARCOM) effective from July 01, 2012.

## Performance Management

Setting sights on rising above the rest, the Institute and its management is committed to surpass its own benchmark and set it higher! The way forward was to link the roles of the organisation and what each department contributes in achieving them. The exercise was carried out in three phases where the first phase included the documenting of the departments roles and at a micro level the individual contribution of the staff within the department, the second phase was both linking the main roles of the departments to the Institutes and setting up KPI's, the third phase is maintaining an activity report which will be implemented through the task management module and an estimation of the staff strength, the result of which will be more visible towards the next year as it will be an aiding tool in determining the need analysis and appraisal of the staff.

The first and the second phase are completed and the third phase is already in its initial stage. The management is hopeful that the project will complete its full circle and achieve its purpose.

## Training and Development

In order to improve the professional capabilities of the staff more than 33 employees have attended professional training programs / courses organized by renowned training organizations like PIM, PICG, LUMS, IBA, NED University etc.

Some of the important training courses were on Leadership Skills, Managerial Skills, soft skills, Information Technology etc.

## Staff Benefits

This year the Institute has announced the following benefits and incentives to ICAP staff to increase their association and loyalty with the Institute:

### a. Golden Jubilee Bonus

At the gracious occasion of Golden Jubilee Year of the Institute, the Management has given special bonus to the ICAP Staff to recognize their services to the Institute.

### b. ICAP Staff Hajj Scheme

The Institute launched ICAP Staff Hajj Scheme, whereby, every year one of the staff the members will be offered through draws (Qurrah) to perform Hajj under Government Hajj Scheme. ICAP Permanent staff up-to Manager Level and having service of more than 10 years will be eligible for Hajj Scheme.

First Qurrah (draw) under the ICAP Staff Hajj Scheme for the Hajj 2013 was conducted on July 27, 2012 at ICAP, Karachi. Ms. Farida Hamid, Officer in the Administration Department at Karachi office became the first employee to perform Hajj under the ICAP Staff Hajj Scheme in the year 2013.

**c. Reimbursement of ICAP Fees for ICAP Staff Children Studying CA**

The Institute introduced reimbursement scheme for CA registration and examination fees for the children of ICAP Staff Members studying Chartered Accountancy from ICAP. The scheme is effective from July 1, 2012. ICAP permanent employees up-to Manager Level and serving more than 5 years would be eligible for reimbursement of their children's CA registration and examination fees.

## **Administrative Activities**

This year we have done following additional administrative facilities at the Institute.

**a. Renovation**

- Renovation of Store rooms for Document Management System (record rooms).
- In order to accommodate additional students during the examinations, an extension in sitting area has been completed at second floor at Karachi office.

**b. New Rental Premises for Multan Office**

The ICAP Multan office is being shifted to a better place "Parklane Tower", a newly constructed building situated on Khanewal Road which is easily accessible for students and members.

**c. Administrative arrangements for Professional Activities at the Institute**

The Institute is committed to carry out intense training and other professional activities for own members, students, Firms and other organizations. During the year the department arranged the administrative support for more than 200 training events, seminars, lectures and other such activities.

## **Strategic Imperatives**

- Defining and management of the targets and objectives for the year and aligning it with the performance management systems.
- Intensive training, capacity building and development of line managers, staff and the senior management.
- Employment equity.
- Leadership development at all levels through structured succession planning processes.
- Adopt culture that embraces change and to commit the resources required to manage the change at the structural and operational levels.

## **Recreational Activities**

- Organised ICAP Golden Jubilee T-20 Cricket Tournament.
- Annual Staff Picnic.

## **Goals and Targets**

- Introduce slogan for staff "Partners in Growth" and communicating to them "where we are" and "Where we are going".
- To reduce recruitment cycle to less than 60 days.
- To conduct succession planning exercise by assessing key positions in ICAP and identification and assessment of key talent for each position.
- To introduce staff satisfaction survey with an objective to improve morale of staff.



## Acknowledgement

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

The Council would also like to thank the Federal Government, the Securities and Exchange Commission of Pakistan, the Federal Board of Revenue, the State Bank of Pakistan, Auditor General of Pakistan Office and other government organizations for their continued support.

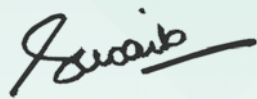
The Council expresses its appreciation for the work done by Mr. Abdul Hameed Chaudhri, and Abdul Wahid, in their capacity as the auditors of the Institute.

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, September 04, 2012

# Annexures

## Report of the Audit Committee to the Members of the Institute

(As required by Para 5.3 of the TOR of the Audit Committee)

### Overview

The Committee has been constituted by the Council with the aim to assist the Council in fulfilling its governance responsibilities by reviewing, among other things, the integrity of the Institute's financial statements, the efficacy and effectiveness of the Institute's internal controls and risk management systems, and the objectivity, independence and effectiveness of the internal and external audit processes.

The Committee has adopted formal Terms of Reference (TOR), approved by the Council, which are available on ICAP website.

The Committee reports its findings to the Council identifying the matters on which action or improvement is needed, and makes recommendations on the steps to be taken.

The Committee comprises of five members, three being independent non-council members. The Committee is chaired by a Past President of the Institute.

During the period under review, the Committee held five meetings to discharge its function according to the TOR, as follows:

### 1. Review of financial statements of the Institute

The Committee reviewed the interim and annual financial statements of the Institute, culminating in a recommendation to the Council to approve/ adopt them. During the course of its review, the Committee:

- i. Invited the Secretary and Chief Financial Officer in the meetings of the Committee to discuss the processes they have undertaken to evaluate the accuracy and fair presentation of the Institute's financial statements and the effectiveness of the Institute's systems of internal controls over financial reporting.
- ii. Monitored the integrity of the quarterly, half yearly and annual financial statements of the Institute and compliance with accounting standards and legal requirements.
- iii. Reviewed the financial reporting systems.
- iv. Considered the External and Internal Auditors' reports about the effectiveness of the Institute's internal control over financial reporting.
- v. Reviewed practices with regard to release and publication of financial information.
- vi. Evaluated the correctness and completeness of the judgments made in the preparation of the financial statements.
- vii. Reviewed the matters that could have a significant impact on the financial statements.

### 2. Review and evaluation of the Institute's risk management process

The Committee understands that risk is an essential part of any business/activity; if it is properly managed, it drives growth and opportunities.

ICAP is no exception and it would be facing risks, both critical and otherwise, in its operations. These would include, for example, reputational and ethical risks, and not restricted to only financial and insurable hazards.

In view of the above, the Committee recommended to the Council, to develop and implement Institute's risk evaluation and management process and ensuring its periodic review and updating through a clearly defined mechanism.

The Council has initiated the process.

### **3. Effectiveness of External Audit Process**

The Committee had meetings with the representatives of the External Auditors of the Institute, to discuss their points of concern regarding compliance and governance related matters.

The Committee also discussed all unsettled issues of significance between the management and the External Auditors, which could affect the underlying accuracy of the Institute's financial reporting.

Necessary corrective actions in this respect were recommended to the management.

The Committee also made recommendations for re-appointment of the External Auditors to the Council.

### **4. Adequacy of resources and authority of Internal Audit Function**

The Committee also assists the Council in ensuring that the Internal Audit function is independent and has necessary resources, standing and authority in the organisation to discharge its duties efficiently and effectively. In this respect the Committee reviewed:

- internal audit's terms of reference, reporting lines and access to the Audit Committee and the management.
- internal audit's plans and its achievement of the planned activity.
- the results of key assignments and other significant findings, the adequacy of management's response and the timeliness of resolution.
- the qualifications and experience of Internal Audit staff and timeliness of reporting.

The Committee reported all significant observations/ recommendations to the Council for consideration.

### **5. Others**

The Committee reviewed all material transactions of the Institute (all transaction of Rs. 500,000 and above) on a quarterly basis.

The Committee also reviewed the receivable position of the Institute on a quarterly basis and evaluated the appropriateness of the action taken by the management for recovery of the outstanding balance. Necessary recommendations were made to the Council in this respect.

Members of the senior management of the Institute, including the Secretary, ED (officiating) and Head of Finance were invited in the meetings of the Committee when required.

The Committee appreciates the efforts of the Institute's officials in the performance of their duties and would like to place on record its gratitude to them for assisting the Committee in the effective discharge of its responsibilities.

Imran Afzal  
Chairman, ICAP Audit Committee

Karachi, July 23, 2012



## Report of the Quality Assurance Board

I am pleased to present the seventh report of the Quality Assurance Board (QAB) for the period July 2011 to June 2012.

The QAB performs its functions and discharges its responsibilities in accordance with the Framework of the QCR Program but independently of the Council of ICAP. One of the objectives of the QCR program is to ensure that firms carry out statutory audits in accordance with the professional standards adopted by the Institute.

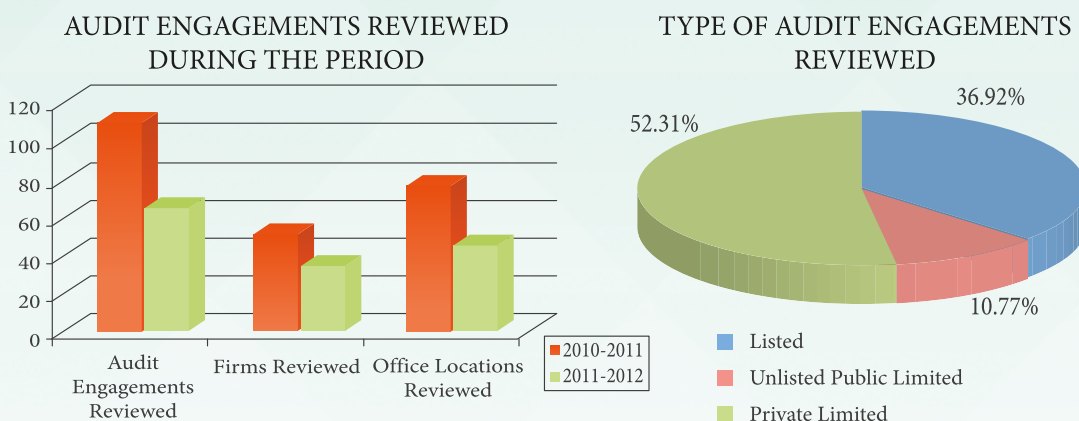
### Extension in Scope of QCR Program

The scope of QCR Programme has been further extended by SECP vide its SRO 268(I)/2012 dated March 16, 2012. Now all non-listed companies, falling under the definition of 'Economically Significant Companies' are required to appoint QCR rated firms as their statutory external auditors. The requirement of this directive shall be effective from the financial year beginning on or after July 1, 2012.

### QCR of Audit Engagements

During the period from July 1, 2011 to June 30, 2012, reviews of 65 audit engagements of 34 firms at 45 office locations at Karachi, Lahore, Islamabad, Sialkot, Peshawar and Multan, were carried out as compared to 109 audit engagements of 51 firms at 76 office locations during the last year. The reason for decrease in QCR is that during the year under review QCR of fewer firms became due as compared to that of last year.

Out of 65 audit engagements reviewed during the period, conclusions of 38 audit engagements were "supported by appropriate audit evidence" while the conclusions of 12 audit engagements were "not supported by appropriate audit evidence". 15 audit engagements of 11 firms are in the process of approval by the QAB.



As on June 30, 2012, 97 firms were listed on the Institute's website, having Satisfactory QCR Rating. It is pertinent to note that 36 out of 97 firms do not have any listed client but they have offered their firm for QCR voluntarily.

### Review of the Firms ISQC-1

During the period under review, 19 firms were reviewed for compliance with International Standard on Quality Control-1 (ISQC-1), which comprises of assessment of policies and procedures addressing the following six elements:

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

## Revised and Redrafted Model Audit Practice Manual

The practicing firms in Pakistan are significantly comprised of SMPs. The SMPs help support the health and prosperity of the Small and Medium Entity Sector which accounts for the majority private sector employment and GDP.

For the guidance of practicing members especially SMPs on the implementation of ISAs the QAB in 2001 issued Audit Practice Manual (APM) in two volumes which was highly appreciated by practicing members of SMPs as it provided them a practical “how-to” audit approach. In 2007 certain changes were brought in and the revised APM was issued.

After the clarity project of IAASB of IFAC in March 2009 in which 36 newly updated and clarified ISAs and ISQC were issued, the QAB felt the need for exhaustive revision of the Audit Practice Manual. A committee was formed for this purpose. The Committee with participation from the Quality Assurance Department took-up this uphill task for SMPs. On the recommendation of the Committee, the QAB decided to withdraw both the existing volumes of the Audit Practice Manual and has come up with completely revised rather new edition of Audit Practice Manual in a Single Volume. The revised Manual is available on ICAP website.

## Improvement Projects

### Framework of QCR Program

In the light of the observations noted during the QCR and to bring further clarity to some of the clauses of the existing QCR Framework, a Committee has been constituted to review the existing QCR Framework. The Committee has finalized its recommendations which are currently under consideration of the QAB. The revised Framework would be issued soon.

### Seminars on Audit Practice Manual and QCR Findings

During the year, a series of seminars were organised at ICAP Karachi, Lahore, Faisalabad, Multan, Peshawar and Islamabad. The objective of the Workshops/Seminars was to explain and discuss salient features of the Audit Practice Manual (APM) which is going to be issued soon. In addition to Workshops on APM, Workshops on QCR Findings were also held in which frequent QCR observations noted during the QCR of various firms were shared and discussed with the participants.

All the Workshops were very well received and attended by a large number of practicing members who asked number of questions and sought clarifications on various elements of the APM and QCR mechanism.

### Annual Report of QAB Activities

Keeping in view the best international practices, the Board is also planning to issue Annual Report of its activities. The report would include frequent significant findings noted during various QCR visits during the year 2011-12 which would facilitate the practicing firms during the conduct of audit.

### Concluding Remarks

I am deeply grateful to all the QAB members and the Quality Assurance Department for their commitment and support which helped the Board to carry out its functions effectively and in a professional way.

**Zafar Iqbal Sobani**

Chairman, Quality Assurance Board  
Karachi, July 31, 2012



## ICAP Benevolent Fund

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). The Fund was established in 1972 with a purpose 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 inception.

The affairs of the Fund are managed by an independent committee constituted by the Chairman of the Fund who is nominated by the Council of the ICAP each year.

In addition to meeting its sacred obligation of identifying the deserving families and providing financial grants, the Fund also undertakes special projects for the benefit of the members. A brief account of the performance of the Fund appears below:

### Financial Assistance

The Fund has constituted visiting sub-committees in Southern and Northern regions to verify and assess the needs of deserving cases. On receipt of the information about death of a member or a living member in distress, a sub-committee of two members visits the family to evaluate the need for financial assistance and makes recommendation to the Committee. The Committee, after due consideration takes decision on the merit of each case.

During the year under report, the Fund extended financial assistance of Rs.6,923,720 to nineteen families (including 4 living members) compared to assistance of Rs.5,785,730 provided to eighteen families (including 3 living members) during the preceding year.

The Management Committee of the Fund reviews the level of assistance biannually in December and June. The Committee in its meeting held on June 22, 2012, approved an assistance of Rs.7,740,000 to the existing beneficiaries for the ensuing year 2012-13. This approximates to Rs.33,750 per month per family on an average.

### Group Life Insurance Scheme

The Committee has been constantly striving for providing hassle free life insurance cover to members of the Institute at the most economical price. Considering the ongoing inflation and to fulfill insurance needs of the members, the Committee decided to enhance the sum insured amount to a level of Rs. 4 million. Further, the Committee was able to negotiate discount in rate of premium which reduced from Rs.3.90 to Rs.3.80 per thousand rupees sum insured.

While renewing the arrangements for ensuing year 2012-13, the sub-committee on group life insurance conducted various meetings with existing insurers as well as other service providers. The sub-committee was keen to enhance the sum insured from Rs. 4 million to Rs. 5 million and also to waive off the requirement for medical examination for members up to the age of 64 years.

The Committee successfully achieved its target and was able to enhance the sum insured to a maximum of Rs. 5 million without medical examination. The Committee was also able to negotiate better rates of premium which reduced from Rs.3.80 to Rs.3.65 per thousand rupees sum insured. A large number of members have sent their contributions for group takaful coverage for the ensuing year 2012-13. The number is expected to increase further as participation in the scheme will be kept opened throughout the year.

### Group Health Care Scheme

The scheme was introduced in year 2009-10 with Askari Health which was renewed with the same insurer for term 2010-11. While renewing the arrangements for the year under report, the



Management Committee of the Fund decided to change the insurers to enhance the quality of service at a competitive premium. After considering proposals from various service providers, the Committee finalized the arrangements with Asia Care Health and Life Insurance Co. Ltd.

Considering the lucrative benefits provided at a nominal premium which included coverage of each family member for a substantial limit of Rs.650,000/- per annum and cover to parents for all pre-existing conditions, a large number of members joined in the scheme along with their families and parents. The Committee also vigorously pursued its objective to enhance participation. By virtue of these efforts, the overall participation in the scheme reached to 1440 participants during the year under report comparative to 576 persons enrolled in previous year. Asia Care settled insurance claims in excess of Rs.10 million during the year against a premium of Rs.5.80 million. This includes the amount of claims directly settled by the panel hospitals and claims reimbursed to members.

For the ensuing year 2012-13, arrangements have been finalized after due diligence process, with AsiaCare Health Insurance Co. The details have been circulated to members through email, Newsletter and Brochures. Complete details of the scheme have also been placed on the website of the Institute [www.icap.org.pk](http://www.icap.org.pk)

### Fund Raising Activities

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

Two sub-committees have been formed for the purpose of organising events to raise funds in order to augment and strengthen the Fund's base. During the year under report, the sub-committee responsible for the Southern Region organized an event in Karachi. Three shows of a Family-musical theatre play were purchased from "LUSH", the organizer, at Rs.300,000 per show. The play was staged at the Karachi Arts Council's Auditorium. Tickets were sold primarily to the sponsors. Few members of the Institute and individuals also purchased the tickets. Surplus funds of Rs.773,500 were generated through the activity.

### Acknowledgements

On behalf of the Management Committee of the ICAP Benevolent Fund, I gratefully acknowledge the valuable contribution to the Fund, of Rs. 1 million approved by the Council of the Institute for the year under report. This will strengthen the Fund in its efforts to provide maximum support to the members and families of the deceased members, in distress, particularly in the years to come when the quantum of this support is likely to increase substantially owing to increase in number of such cases and the ever-increasing inflation. The Committee firmly believes that this contribution will continue from year to year as a regular feature.

The existing Committee also appreciates the approval of the Council for increase in contribution from Rs.1,250 to Rs.1,375 annually by the members of the Institute towards the ICAP Benevolent Fund.

In the end, on behalf of the Management Committee of the Fund, I would like to thank the members, the President, the Council members, and Management and staff of the Institute for their continued co-operation and support. I am also thankful to my colleagues at the Committee for their continued support and dedication.

Khaliq-ur-Rahman  
Chairman, ICAP Benevolent Fund

Karachi, July 31, 2012

## Report of the Northern Regional Committee

On behalf of the Northern Regional Committee (NRC) of the Institute of Chartered Accountants of Pakistan (ICAP), it is indeed my privilege to present the Audited Financial Statements of Northern Regional Committee for the year ended June 30, 2012.

During the year under review, the Committee has taken various initiatives for enhancing the standard and volume of CPD activities. The efforts were specially focused towards increasing the frequency and quality of CPD events.

The Committee has worked hard during the year to support the ICAP's Council in achieving its aims and objectives and has taken new initiatives to not only meet the members' expectations but also exceed them and set new traditions for the Committee in the years to come.

The NRC Webpage has been completed and is available at <http://www.icap.org.pk/web/links/0/nrc.php>. This will help in keeping our members informed about the activities of the Committee and would also allow the members to give their valuable suggestion/comments to the committee.

The committee members were also involved in different Golden Jubilee events to assist the Council. In wake of this direction, the committee was entrusted with the task for holding of Convocation Ceremonies in Lahore, where graduates of year 2011 were invited along with their families to honour them. Gold medals and merits certificates were awarded to many students for their outstanding performance in various subjects. The President and Vice President along with other council members were also present on these occasions who appreciated the efforts of the Northern Regional Committee for arranging such successful events.

### Membership

The membership in the Region as at June 30, 2012 is 2297 (2011: 2155). A large number of members 1,225 are serving the industry and other commercial organizations followed by 633 members either in public practice or employed in practice, 395 overseas, 44 education and others at different sectors. The membership also includes 56 Life members.

### Continuing Professional Development (CPD)

One of the main responsibilities of NRC is to organize and hold CPD programmes in all the centres of the Region, throughout the year. The Committee has tried its level best to perform its role in Continuing Professional Development of its members at all stations of Northern Regional Committee.

All the CPD Committees of the Region performed well both in terms of arranging regular events and addressing areas and topics of professional interest. More than 201 hours of CPD activities were collectively held in the region. Facilities of Air Travelling, Boarding, Lodging and Honorarium are also provided to the speakers travelling to small stations such as Multan, Faisalabad and Peshawar.

The Committee also arranged an extremely valuable CPD program of Revision of all International Accounting & Financial Reporting Standards (IAS & IFRS) with special emphasis on practical application spanning over a period of 4 days. The program was extremely well attended (more than 100 members) and enabled our members to develop an advanced understanding of up-to-date knowledge of IAS & IFRS with special emphasis on applying the gained knowledge to their respective work places. All the participants appreciated the program and similar program are also being planned in other cities.

We are also pleased to announce the formation of CPD Committee - Rawalpindi to cater to the specific needs of Rawalpindi Members.



## Family Get Together

In line with new objective of organizing social events for members and their families, the Northern Regional Committee organized a Family Get Together in March, at Royal Palm Golf & Country Club, Lahore. The basic objective of the event was to give an energizing break to the members from their routine patterns of work pressures, late sittings & deadlines so as to enjoy some quality family time.

The event attracted a large number of families who enjoyed an extremely sumptuous Brunch. The Children were quite happy with the fun-activities which included Jumping Castle, Kiddy Rides, Train, Face Painting, Puppet & Magic Show among various other fun activities. Similar functions are also being planned in other cities of the Region.

## Chartered Accountants Student Association (CASA) - North

CASA-North organized various educational seminars and workshops for the students at Lahore and Islamabad. Good number of students attended these activities and appreciated the efforts of CASA-North. CASA-North also assisted ICAP in holding the debate competition.

CASA-North held the elections in order to elect two student members of the association for the year 2012 in place of retiring student members for the year. The elections were conducted for the first time simultaneously at all stations of ICAP at Northern Region.

## Libraries

The Committee has conducted a comprehensive review of libraries at various centres to identify the requirements for improving the existing as well as providing additional facilities. We are grateful to the Institute for providing Grant of Rs. 755,000 for development of Libraries.

## Auditor's Appointment

The Committee has unanimously recommended re-appointing Mr. Shaukat Amin Shah as the auditor of NRC for the year ending June 30, 2013, on a remuneration to be mutually agreed.

## Finance and Accounts

The financials for the year show a surplus of Rs. 553,979 an increase of approximately 58.30 % with FY 2010-11, as reflected in the Audited Financial Statements. The Committee feels satisfied with the existing financial position.

## Acknowledgements and Appreciations

The Committee endeavours to work in close co-ordination with the Council towards improving the overall working and operational environment of the Institute with the objective of further elevating the image and esteem of our profession while safeguarding the prestige and interest of our worthy members.

On behalf of the Committee, I am pleased to recognize and appreciate the efforts of all our very worthy members who served on various committees.

Further, I would also like to acknowledge and appreciate the continued support extended to us by the ICAP President, Vice President - North, Council members, Regional Directorate and the Institute's support staff for extending their cooperation in the execution of NRC's functions.

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

For and on behalf of the Committee

Muhammad Ali Latif  
Chairman, Northern Regional Committee

Islamabad, July 30, 2012



## Report of the Southern Regional Committee

In line with its tradition and practices, the Southern Regional Committee (SRC) organized both professional and social activities for its members during the year 2011-12.

Being its core function, SRC organised 19 CPD events consisting of 5 workshops and 14 seminars, on various core and non core subjects. Keeping in view the growing importance of Sindh Sales Tax on Services Act 2011, the SRC organised a full day workshop followed by a Members' Group Discussion thereon.

Since last 2 year, SRC has been organizing certificate award ceremony for students who pass their CA final examinations and for those who achieve certificates of merit in their CA foundation examination. 2 such ceremonies were held during this term, which were attended by students' and their parents. CEOs of reputed companies / businesses and other eminent professionals were the guest speakers at such events.

To promote cultural and literary interests among our members, the SRC organized the first ever 'Muzahia Mushaira' in ICAP's history, at Arts Council of Pakistan, Karachi. This event was largely attended by our members and their families.

During the year, the SRC undertook certain major CASA activities including the following:

- CA Student Conference was held in September 2011.
- Flood Relief Campaign (Phase IV) was held in October 2011.
- Exam preparation Seminars were held during November 2011 (for December 2011 attempt) and May 2012 (for June 2012 attempt).
- CASA elections were held in December 2011 wherein, for the 1st time in ICAP's history, the entire voting and election process was electronically managed and supervised.
- Detailed session was held with President ICAP on student related issues.

In the end, on behalf of SRC, I would like to thank the Members, the President, the Council Members, CASA Managing Committee, secretarial staff of ICAP and staff of SRC for their cooperation and support. I am also thankful to my fellow SRC members for their continued support and dedication.

Adnan Ahmad Mufti  
Chairman, Southern Regional Committee

Karachi, July 25, 2012

# Statistics of Meetings Held and Attendance

## For the year 2011-12

Council		Examination Committee	
Meetings Held 9		Meetings Held 7	
Name	Attended	Name	Attended
Rashid Rahman Mir	9	Rashid Rahman Mir*	-
Khalid Rahman	8	Khalid Rahman	7
Nazir Ahmad Chaudhri	9	Ahmad Saeed	7
Abdul Rahim Suriya	9	Mohammad Abdullah Yousuf	4
Abdul Wajid Rana	-	Nadeem Yousuf Adil	7
Adnan Zaman	9	Naeem Akhtar Sheikh	3
Ahmad Saeed	9	Pervez Muslim	4
Ali Arshad Hakeem	-	Rafaqat Ullah Babar	5
Hafiz Mohammad Yousaf	8	Shaikh Saqib Masood	6
Mohammad Abdullah Yusuf	6	Zahid Iqbal Bhatti	7
Muhammad Ali	1		
Muhammad Ayub Khan Tarin	-		
Mumtaz Haider Rizvi	-		
Nadeem Yousuf Adil	8		
Naeem Akhtar Sheikh	9		
Pervez Muslim	7		
Rafaqat Ullah Babar	9		
Salman Siddique	-		
Shaikh Saqib Masood	9		
Dr. Waqar Masood Khan	-		
Yacoob Suttar	8		
Zahid Iqbal Bhatti	8		

Audit Committee	
Meetings Held 4	
Name	Attended
Imran Afzal	4
Khursheed Kotwal	3
Moin Mohajir	3
Naeem Akhtar Shaikh	4
Saqib Masood	4

Executive Committee		Quality Assurance Board	
Meetings Held 4		Meetings Held 8	
Name	Attended	Name	Attended
Rashid Rahman Mir	4	Zafar Iqbal Sobani	7
Khalid Rahman	4	Rafaqat Ullah Babar**	4
Nazir Ahmad Chaudhri	4	Abbas	6
Hafiz Mohammad Yousaf	4	Ali Azeem Ikram (Nominee SECP)	3
Mohammad Abdullah Yusuf	3	Amir Jamil Abbasi	8
Shaikh Saqib Masood	4	Arslan Khalid	8
Yacoob Suttar	3	Fuad Azim Hashimi (Nominee SECP)	6
Zahid Iqbal Bhatti	4	Kamran Y. Mirza (Nominee SECP)	5
		Mohammad Shuaib***	3
		Muhammad Tufail Salariya	6
		Noman Ahmed Qureshi (Nominee SBP)	1
		Rashid Rahman Mir*	-
		Syed Ahmed Abid	7
		Zafar Iqbal	4
		Zahid Iqbal Bhatti	7

Investigation Committee	
Meetings Held 5	
Name	Attended
Rashid Rahman Mir*	-
Nazir Ahmed Chaudhri	5
Abdul Rahim Suriya	1
Adnan Zaman	5
Ahmad Saeed	5
Hafiz Muhammad Yousaf	4
Hamid Khan	4
Justice (Retd) Ahmad Sarwana**	1
Naeem Akhtar Sheikh	5
Pervez Muslim	4
Rafaqatullah Babar	5
Shaikh Saqib Masood	3

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

\*\*Nominated on the Investigation Committee on May 11, 2012 by the Council after which only one meeting of the Committee was held.

\* left after 35th meeting

\*\*co-opted from 36th meeting

\*\*\*co-opted from 37th meeting

# Statistics of Meetings Held and Attendance

## For the year 2011-12

Small & Medium Practices Committee		Meetings Held 4
Name	Attended	
Nazir Ahmad Chaudhri	4	
Ejaz Hussain Rathore	1	
Fazal Mahmood	3	
Khan Mohammad	3	
Majeed Uddin Khan	3	
Mohammad Haroon	4	
Muhammad Arif Methani	3	
Oliver Peter Pervez	3	
Syed Mohammad Rehan	3	
Zafar Iqbal	2	

Education and Training Committee		Meetings Held 6
Name	Attended	
Naeem Akhtar Shiekh	6	
Abdul Rahim Suriya	4	
Ahmed Saeed	6	
Asif Anwer Karim	2	
Bushra Naz Malik	3	
Iftikhar Taj	5	
Jafar Husain	6	
M. Sharif Tabani	6	
Mohammad Mansha	-	
Mukhtar Hussain Jaffery	6	
Nadeem Yousuf Adil	6	
Rashid Ibrahim	3	
Syed Fahim ul Hassan	6	

Continuing Professional Development Committee		Meetings Held 2
Name	Attended	
Abdul Rahim Suriya	2	
Abdul Rashid	-	
Asif Nazeer	-	
Bushra Naz Malik	1	
Dur e Sameen Mufassir	1	
Haroon Tabraze	1	
Muhammad Ali Latif	1	
Muhammad Awais	-	
Muhammad Farid Alam	2	
Naveed Abdul Hameed	1	
Syed Najmul Hussain	2	

Overseas Coordination Committee		Meetings Held 5
Name	Attended	
Khalid Rahman	5	
Pervez Muslim	2	
Hafiz Muhammad Yousaf	2	
Nadeem Yousuf Adil	3	
Naeem Akhtar Sheikh	3	
Yacoob Suttar	4	

Professional Standards and Technical Advisory Committee		Meeting Held 1
Name	Attended	
Mohammad Abdullah Yusuf	1	
Abdul Rahim Suriya	1	
Aftab Mahmood Butt	-	
A. Husain A. Basrai	1	
Ayaz Ahmed	1	
Nadeem Yousuf Adil	1	
Naeem Akhtar Sheikh	-	
Nasimuddin Hyder	1	
Pervez Muslim	-	
Qasim Ebrahim Causer	1	
Rafaqat Ullah Babar	1	
Syed Asad Ali Shah	1	
Syed Mohammad Shabbar Zaidi	1	
Zahid Iqbal Bhatti	1	

Technical Advisory Committee		Meetings Held 4
Name	Attended	
Rafaqat Ullah Babar	4	
Abbas	3	
Imran Bashir	2	
Kashif Shafi	2	
Mohammad Almas	3	
Muddassar Mehmood	1	
Muhammad Nasir Muneer	3	
Omer Chughtai	4	
Rana Muhammad Usman Khan	3	
Saeed-ur-Rehman	4	
Shakaib Arif	4	
Shoaib Amin Ghazi	3	
Syed Fahim ul Hassan	3	
Syed Najmul Hussain	4	
Zulfikar Ali Causer	2	

Committee on Financial Sector		Meetings Held 2
Name	Attended	
Nadeem Yousuf Adil	2	
Arslan Khalid	2	
Asif Mahmood	2	
Ayaz Ahmed	2	
Faisal Nadeem	-	
Muhammad Amin Bhoori	-	
Naveed Alam	2	
Rashid Jahangir	1	
Saleem Anwar	-	
Salman Hussain	1	
Shabbir Hamza Khandwala	2	
Syed Iftikhar Anjum	2	
Syed Liaquat Ali	-	
Tahir Hassan Qureshi	1	
Zeeshan Ghulam Muhammad	2	



# Statistics of Meetings Held and Attendance

## For the year 2011-12

Accounting Standards Committee		Meetings Held 3		Public Sector Committee		Meetings Held 2	
Name	Attended			Name	Attended		
Zahid Iqbal Bhatti	3			Mohammad Abdullah Yousuf	2		
Abdul Aleem	2			Abdul Majid Alvi	-		
Atiq Anwer Mahmudi	2			Fuad Azim Hashami	2		
Ayesha Riaz	2			Hasan Saqib	-		
Faisal Latif	2			Jalil-ur-Rehman Tarin	2		
Irfan Illyas	1			Jamal Abdul Nasir Usmani	-		
Mohammed Asif Mehdi Rizvi	1			Jarar Haider	-		
Mohammad Almas	-			Javed Kazim Siddiqui	1		
Mohammad Mahmood Hussain	2			Jehan Zeb Amin	1		
Muddassar Mehmood	2			Noman Siddqui	1		
Muhammad Kashif Siddiquee	2			Matee-ur-Rehman Mirza	2		
Muhammad Uzair	2			Mutahir Shah	-		
Muhammad Zulfikar Akhtar	3			Saeed-ur-Rehman	1		
Naresh Kumar	2			Shah Naveed Saeed	-		
Shabbir Yunus	2			Syed Jamalullah Macdi	1		
Waqas Aftab Sheikh	1						

Auditing Standards Committee		Meeting Held 1		Committee on Taxation		Meeting Held 1	
Name	Attended			Name	Attended		
Pervez Muslim	1			Shaikh Saqib Masood	1		
Abid Raza	-			Abdul Rauf Ayoob	1		
Amin Ali	1			Adnan Ahmad Mufti	1		
Asad Feroze	-			Adnan Zaman	1		
Farooq Hameed Khawaja	-			Habib Fakhruddin	1		
Farrukh Rehman	1			Haider Ali Patel	-		
Imran Ahmed Zaki	1			Kamran Iqbal Butt	1		
Jalal Ahsan	-			Muhammad Ali	1		
Muhammad Kamran Nasir	1			Muhammad Rashid	1		
Muhammad Nadeem Shahab	1			Muhammad Rehan	1		
Zeeshan Ghulam	-			Naeem Akhtar Sheikh	-		
				Naveed Alam	-		
				Shoaib Ahmad Waseem	1		
				Syed Mohammad Shabbar Zaidi	-		
				Yahya	-		
				Zubair	1		

Committee on Accounting and Auditing Standards for Interest Free Modes of Financing and Investments		Meetings Held 3		Economic Advisory Committee		Meeting Held 1	
Name	Attended			Name	Attended		
Ebrahim Yacoob Sidat	3			Mohammad Abdullah Yusuf	1		
Ahmed Shuja Kidwai	-			Abdul Majid Alvi	-		
Anwar Ahmed Meenai	3			Ahsan Ghaffar Mehanti	1		
Aziz Adil	1			Ali Omer Golam Morshed	-		
Mufti Ehsan Waqar Ahmad	2			Asif Mahmood	1		
Majeed Uddin Khan	1			Dr. Shamshad Akhthar	1		
Mufti Mohammad Najeeb Khan	2			Dr. Shahid Hafeez Kardar	-		
Mufti Muhammad Zubair Usmani	1			Kamran Hafeez	1		
Omar Mustafa Ansari	3			Mohammad Shuaib	1		
Obaid-ur-Rehman	1			Muhammad Farid Alam	1		
Pervez Said	3			Shahid Jamal Kazi	1		
Syed Amir Ali	-			Salman Amin	1		
Syed Iftikhar Anjum	1			Syed Asad Ali Shah	1		
Zahid Iqbal Bhatti*	1						
Zulfikar Khokhar	2						

\* Mr. Nadeem Yousuf Adil succeeded Mr. Zahid Iqbal Bhatti from the 74th meeting.

# Statistics of Meetings Held and Attendance

For the year 2011-12

HR Committee		Publications Committee	
Meetings Held 3		Meeting Held 1	
Name	Attended	Name	Attended
Rashid Rahman Mir	3	Adnan Zaman	1
Khalid Rahman	3	Abdulwahid	1
Nazir Ahmed Chaudhri	2	Asad Feroze	1
Abdul Rahim Suriya	3	Danish Arif Patel	1
Hafiz Mohammad Yousaf	1	Hena Irfan	1
Nadeem Yousaf Adil	3	Jehan Zeb Amin	1
		Muhammad Amir Afzal Rana	1
		Muhammad Fahim	1
		Mutee-ur-Rehman Mirza	1
		Omar Mustafa Ansari	1

Professionals Accountants in Business (PAIB) Committee		ICAP Benevolent Fund Committee	
Meetings Held 4		Meetings Held 9	
Name	Attended	Name	Attended
Yacoob Suttar	4	Abdul Wahid *	1
Adamjee Yakoob	1	Adeel Ahmad Khan	6
Ahmed Hassan Ali Khoja	2	Altaf Noor Ali	8
Ahmed Subhani	-	Asif Anwer Karim	2
Babar Ali Hashmi	2	Faisal Iqbal Khawaja **	-
Fazal Hussain A. Ghafoor	2	Iftikhar Taj *	-
Iftikhar Taj Mian	1	Irfan Ilyas	4
Irfan Amanullah	-	Khaliq-ur-Rahman	9
Irfan Azam	3	Liaqat Ali Naz	7
Khursheed Kotwal	2	Mahmood Ahmed Qureshi	6
Manzar Hassan	1	Majeed Uddin Khan	7
Muhammad Ali	2	Mohammed Rafiuddin Hyder	9
Muhammad Ali Latif	1	Muhammad Ahmad Shahid	1
Muhammad Nayyer Aqib	3	Rana Muhammad Usman Khan	1
Muhammad Rehan	1	Rashid Ibrahim	1
Mustafa Ahmed	3	Rashid Masood Alam	8
Naeem Ghouri	1	Rehan Mobin	7
Rafi Haroon Basheer	3		
Rahat Hussain	1		
Saad Fahim Muhammad	3		
Shahid J Kazi	3		
Siraj Lawai	2		
Syed Amir Ali	2		

\*Resigned from the Committee on October 5, 2011

\*\* Co-opted on October 5, 2011







# Financial Highlights

**Do you wish to rise? Begin by descending. You plan a tower that will pierce the clouds? Lay first the foundation of humility.**

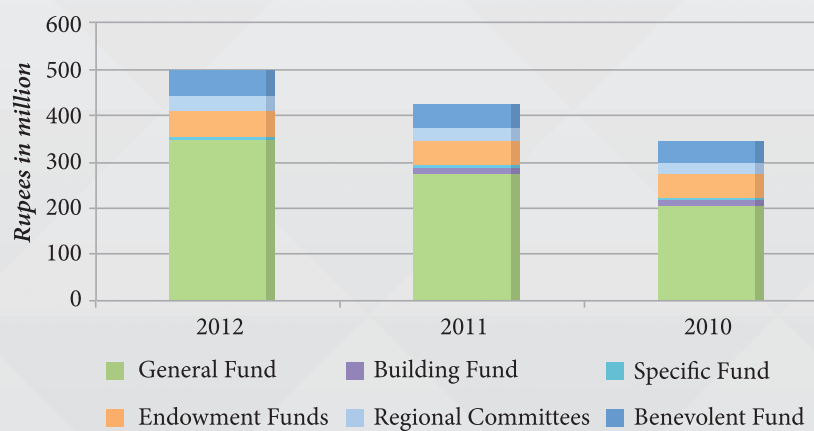
*Saint Augustine*

# Three Years Key Financial Highlights

## Financial Position

*Rupees in million*

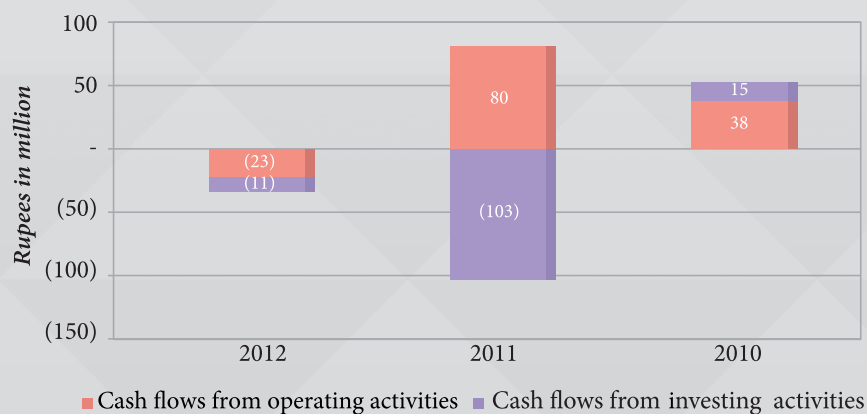
Description	2012	2011	2010
General Fund	350	273	203
Building Fund	-	16	16
Specific Funds	3	3	4
Endowment Funds	59	55	52
Regional Committees	31	28	24
Benevolent Fund	58	50	45



## Cash Flow Information

*Rupees in million*

Description	2012	2011	2010
Cash and cash equivalents - at the beginning of the year	51	74	20
Cash flows from operating activities	(23)	80	38
Cash flows from investing activities	(11)	(103)	15
Net (decrease) / increase in cash and cash equivalents	(33)	(23)	54
Cash and cash equivalents - at the end of the year	17	51	74

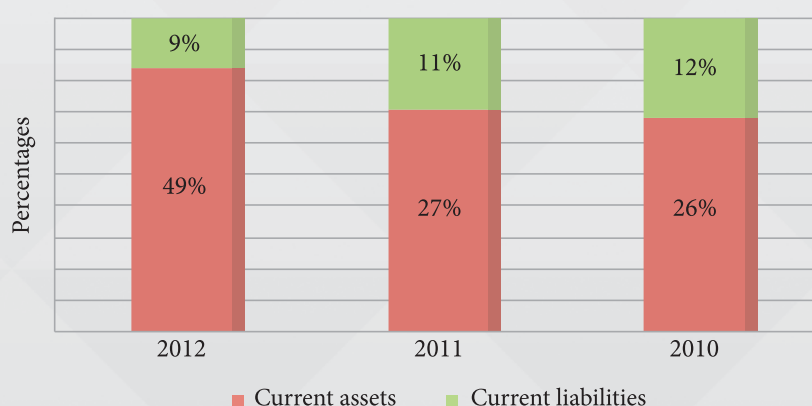


## Three Years Key Financial Highlights

### Current assets 'vs' Current liabilities

*Rupees in million*

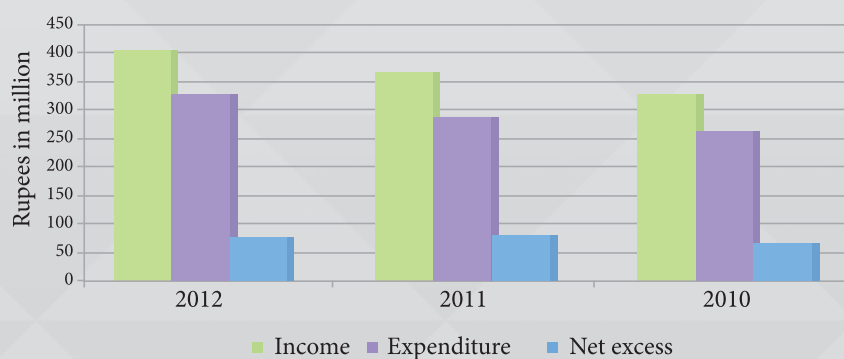
Description	2012	2011	2010
Property, plant and equipment	168	155	162
Long-term assets	111	194	128
Current Assets	273	129	103
Total Assets	552	479	393
Current Liabilities	52	54	48
Net current assets	221	76	55



### Revenue & Expenditure

*Rupees in million*

Description	2012	2011	2010
Income	403	366	329
Expenditures	328	286	264
Net excess	75	80	65





# Three Years Key Financial Highlights

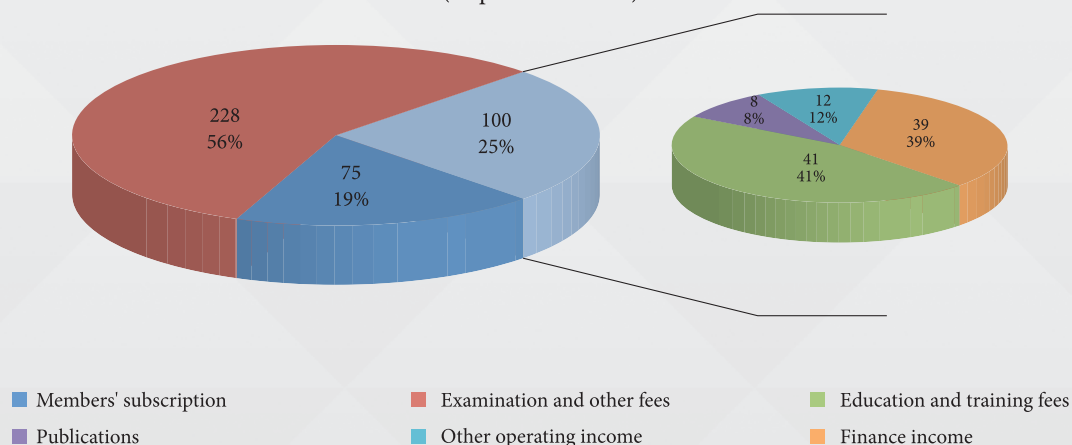
Vertical Analysis	2012	%	2011	%	2010	%
<b>Assets &amp; Liabilities</b>						
Property, plant and equipment	168	34	155	37	162	47
Other long term assets	111	22	194	46	128	37
Current assets	273	54	129	30	103	30
Current liabilities	(52)	(10)	(54)	(13)	(48)	(14)
Net assets	500	100	425	100	345	100
<b>Funds</b>						
General Fund	350	70	273	64	203	59
Building Fund	-	-	16	4	16	5
Specific Funds	3	1	3	1	4	1
Endowment Funds	59	12	55	13	52	15
Regional Committees	31	6	28	7	24	7
Benevolent Fund	58	11	50	11	45	13
Total Funds	500	100	425	100	345	100
<b>Income &amp; Expenditure</b>						
Income	403	100	366	100	329	100
Expenditure	(328)	81	(286)	78	(264)	80
Operating surplus	75	19	80	22	65	20

Horizontal Analysis	2012	Change over preceding year (%)	2011	Change over preceding year (%)	2010
<b>Assets &amp; Liabilities</b>					
Property, plant and equipment	168	8	155	(4)	162
Other long term assets	111	(43)	194	52	128
Current assets	273	111	129	26	103
Current liabilities	(52)	(3)	(54)	12	(48)
Net assets	500	18	425	23	345
<b>Funds</b>					
General Fund	350	28	273	34	203
Building Fund	-	(100)	16	-	16
Specific Funds	3	4	3	(28)	4
Endowment Funds	59	7	55	5	52
Regional Committees	31	9	28	19	24
Benevolent Fund	58	15	50	10	45
Total Funds	500	18	425	23	345
<b>Income &amp; Expenditure</b>					
Income	403	10	366	11	329
Expenditure	(328)	15	(286)	8	(264)
Operating surplus	75	(6)	80	23	65

# Three Years Key Financial Highlights

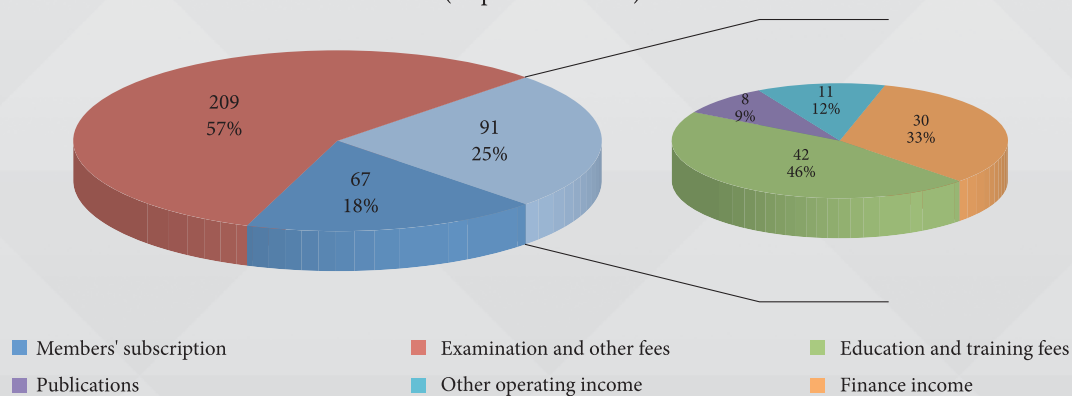
## Revenue composition - 2012

(Rupees in million)



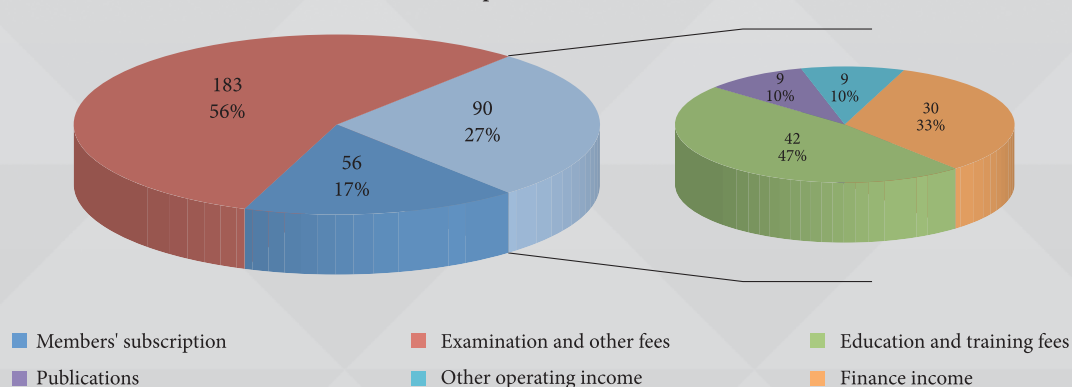
## Revenue composition - 2011

(Rupees in million)



## Revenue composition - 2010

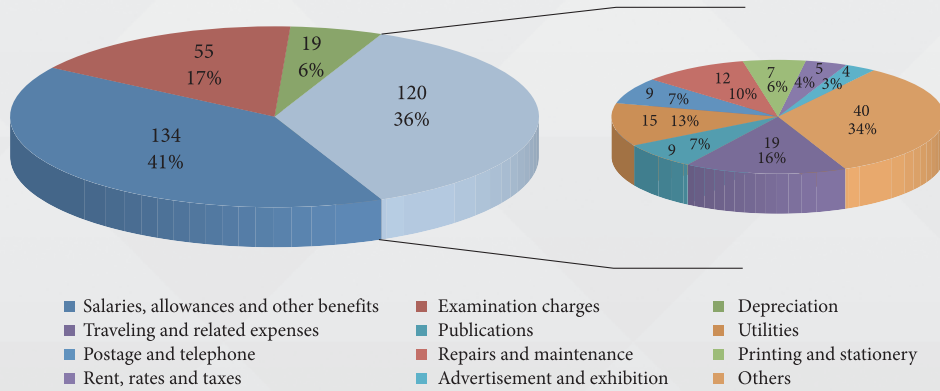
(Rupees in million)



# Three Years Key Financial Highlights

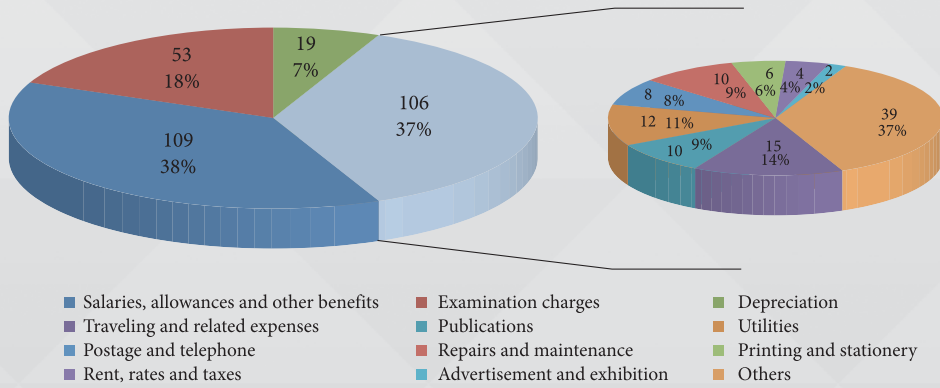
## Expense composition - 2012

(Rupees in million)



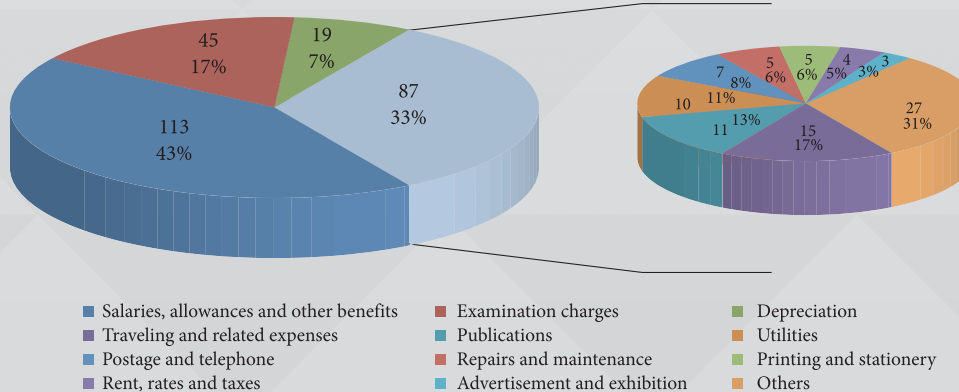
## Expense composition - 2011

(Rupees in million)



## Expense composition - 2010

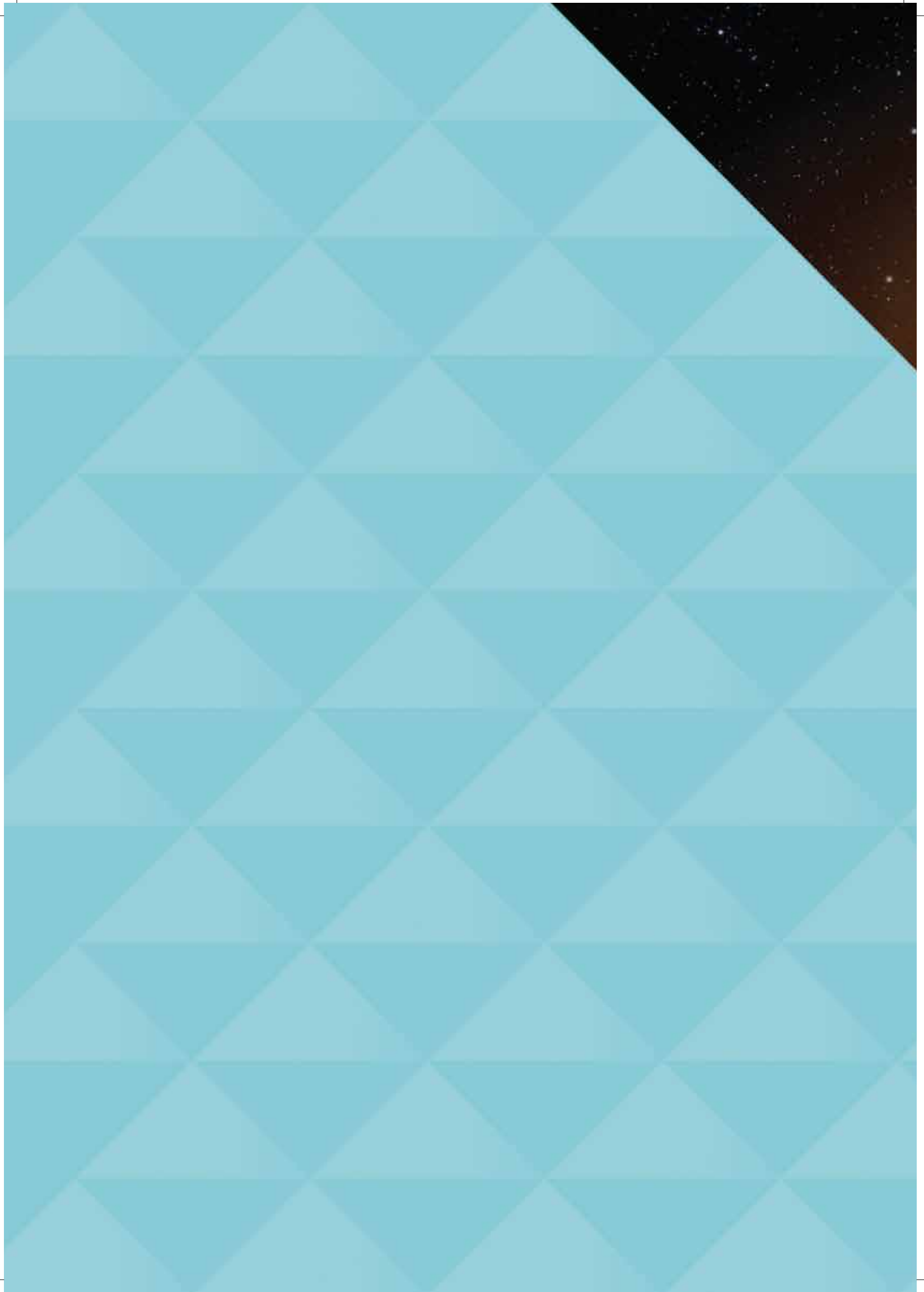
(Rupees in million)





# Three Years Key Financial Highlights

Category	2012	2011	2010
<b>OVERSEAS TRAVELLING</b>			
<b>International Federation of Accountants (IFAC)</b>			
Members of the council	3,110,808	4,274,426	2,406,811
Members of the committees	454,859	1,278,161	683,977
Staff of the Institute	-	-	272,999
	<b>3,565,667</b>	<b>5,552,587</b>	<b>3,363,787</b>
<b>Confederation of Asian and Pacific Accountants (CAPA)</b>			
Members of the council	1,581,355	827,067	488,479
Members of the committees	-	-	582,329
Staff of the Institute	-	-	-
	<b>1,581,355</b>	<b>827,067</b>	<b>1,070,808</b>
<b>South Asian Federation of Accountants (SAFA)</b>			
Members of the council	1,335,456	761,075	719,323
Members of the committees	-	-	392,139
Staff of the Institute	-	-	170,121
	<b>1,335,456</b>	<b>761,075</b>	<b>1,281,583</b>
<b>Professional Accountants in Business (PAIB)</b>			
Members of the council	884,452	267,000	-
Members of the committees	-	-	-
Staff of the Institute	-	-	-
	<b>884,452</b>	<b>267,000</b>	<b>-</b>
<b>Others</b>			
Members of the council	574,935	431,647	712,870
Members of the committees	921,824	226,849	525,969
Staff of the Institute	1,618,460	505,685	516,004
	<b>3,115,219</b>	<b>1,164,181</b>	<b>1,754,843</b>
<b>Sub Total</b>	<b>10,482,149</b>	<b>8,571,910</b>	<b>7,471,021</b>
<b>LOCAL TRAVELLING</b>			
Members of the council	4,616,184	4,147,913	4,813,123
Members of the committees	845,952	666,010	816,233
Staff of the Institute	3,028,145	1,921,752	1,464,781
<b>Sub Total</b>	<b>8,490,281</b>	<b>6,735,675</b>	<b>7,094,137</b>
<b>Grand Total</b>	<b>18,972,430</b>	<b>15,307,585</b>	<b>14,565,158</b>





# Financial Statements

**The most glorious moments in your life are not the so-called days of success, but rather those days when out of dejection and despair you feel rise in you a challenge to life, and the promise of future accomplishments.**

*Gustave Flaubert*



**Abdul Hameed Chaudhri**  
Chartered Accountant  
H.M. House, 7 Bank square,  
Lahore.

**Abdul Wahid**  
Chartered Accountant  
Aslam Shah Complex,  
Turbat.

## Auditors' Report to the Members

### Introduction

We have audited the accompanying financial statements of The Institute of Chartered Accountants of Pakistan, (the Institute) which comprise the balance sheet as at June 30, 2012 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 information.

The management during the current financial year has incorporated financial statements of Regional Committees and Benevolent Fund in the financial statements of the Institute. Financial statements of Regional Committees and Benevolent Fund were audited by other auditors; whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such Regional Committees and Benevolent Fund, is based solely on the reports of such other auditors.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with approved accounting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 from 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 auditors' 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

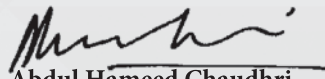
In our opinion, the financial statements give a true and fair view of the financial position of the Institute as at June 30, 2012, and of its financial performance, its cash flows and changes in funds for the year then ended in accordance with accounting standards as applicable in Pakistan.

### Emphasis of Matter

We draw attention to note 5 to the financial statements which describes the restatement of the financial statements as a result of the incorporation of financial statements of the Regional Committees and Benevolent Fund in financial statements of the Institute. Our opinion is not qualified in respect of this matter.

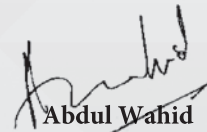
### Other Matter

The financial statements of the Institute for the year ended June 30, 2011, were audited by other auditors, they expressed an unmodified opinion on those statements on July 30, 2011.



**Abdul Hameed Chaudhri**  
Chartered Accountant

Lahore  
August 25, 2012



**Abdul Wahid**  
Chartered Accountant

Turbat

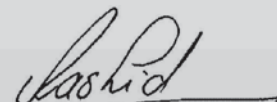
# Balance Sheet

As At June 30, 2012

	Note	2012	Re-stated 2011 <i>Rupees</i>	Re-stated 2010
<b>Non-Current Assets</b>				
Property, plant and equipment	6	168,217,698	155,263,567	161,641,975
Intangible assets	7	947,031	1,419,647	1,971,126
Long term investments	8	102,538,266	184,198,329	115,592,447
Loans and deposits	9	7,523,562	8,322,404	10,369,626
		279,226,557	349,203,947	289,575,174
<b>Current Assets</b>				
Stock of publications and souvenirs		2,601,662	2,009,773	3,073,220
Short term investments	10	142,538,187	99,388,101	73,667,384
Loans, advances, prepayments and other receivables	11	110,428,542	8,845,858	7,919,914
Cash and bank balances	12	17,328,600	19,231,188	18,491,332
		272,896,991	129,474,920	103,151,850
<b>Current Liabilities</b>				
Creditors, accrued expenses and other liabilities	13	27,052,002	23,132,657	20,201,056
Fee and charges received in advance	14	24,926,172	30,635,733	28,003,497
		51,978,174	53,768,390	48,204,553
<b>Net Current Assets</b>		220,918,817	75,706,530	54,947,297
<b>Contingencies and Commitments</b>	15			
<b>Net Assets</b>		500,145,374	424,910,477	344,522,471
<b>Financed by:</b>				
General Fund		349,870,262	272,787,955	202,904,726
Building Fund	16	-	16,000,000	16,000,000
Specific Funds		3,217,198	3,089,493	4,294,364
Endowment Funds		58,503,795	54,801,041	52,310,633
Regional Committees		30,764,048	28,139,080	23,618,703
Benevolent Fund		57,790,071	50,092,908	45,394,045
		500,145,374	424,910,477	344,522,471

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
Secretary

  
President



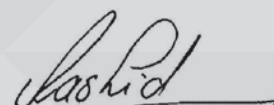
# Statement of Comprehensive Income

## For the year ended June 30, 2012

	Note	2012 Rupees	Re-stated 2011
<b>Income</b>			
Members' subscription	17	75,421,865	66,602,827
Examination and other fees	18	227,568,596	208,987,680
Education and training fees	19	41,642,150	41,626,650
Publications	20	7,663,599	7,901,688
Other operating income	21	11,848,727	11,213,397
		<b>364,144,937</b>	<b>336,332,242</b>
<b>Expenditure</b>			
Salaries, allowances and other benefits	22	133,648,777	108,511,341
Examination charges		55,296,202	53,265,508
Depreciation	6.2	18,613,667	18,548,960
Traveling and related expenses	23	18,972,430	15,307,585
Publications		9,024,053	9,690,438
Utilities		14,753,158	12,285,183
Postage and telephone		9,083,661	8,159,116
Repairs and maintenance		12,310,042	9,764,914
Printing and stationery		7,346,998	5,516,433
Rent, rates and taxes		4,884,575	4,472,468
Advertisement and exhibition		3,663,400	1,806,237
Others	24	40,473,878	38,595,233
		<b>328,070,841</b>	<b>285,923,416</b>
<b>Excess of income over expenditure before finance income</b>		<b>36,074,096</b>	<b>50,408,826</b>
Finance income	25	38,857,972	29,224,952
<b>Excess of income over expenditure for the year</b>		<b>74,932,068</b>	<b>79,633,778</b>
<b>Other comprehensive income</b>			
Surplus on re-measurement of investments - available for sale		302,829	754,228
<b>Total comprehensive income for the year</b>		<b>75,234,897</b>	<b>80,388,006</b>
<b>Attributable to:</b>			
- General Fund		61,082,307	69,883,229
- Specific Fund		127,705	186,426
- Endowment Funds		3,702,754	2,609,111
- Regional Committees		2,624,968	3,010,377
- Benevolent Fund		7,697,163	4,698,863
		<b>75,234,897</b>	<b>80,388,006</b>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
Secretary

  
President

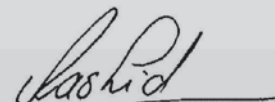
# Statement of Cash Flows

For the year ended June 30, 2012

	Note	2012	Re-stated 2011
		Rupees	
<b>Cash flows from operating activities</b>			
<b>Cash received:</b>			
Membership		68,136,938	72,527,811
Examinations		230,342,376	206,369,444
Training		41,642,150	41,626,650
Publications		6,871,019	8,734,393
Facilities and miscellaneous		16,578,645	15,078,988
Donations for Students' Endowment Fund		-	99,000
		<b>363,571,128</b>	<b>344,436,286</b>
<b>Cash paid:</b>			
Employees		134,642,654	107,808,302
Professional bodies		2,253,753	1,232,145
Property tax		799,254	825,255
Suppliers and vendors		248,424,293	154,406,457
		<b>386,119,954</b>	<b>264,272,159</b>
<b>Net cash (used in) / generated from operating activities</b>		<b>(22,548,826)</b>	<b>80,164,127</b>
<b>Cash flows from investing activities</b>			
Investments - net		1,957,595	(102,238,610)
Fixed capital expenditure		(37,970,653)	(20,131,487)
Purchase of intangible assets		-	(99,200)
Proceeds from sale of operating fixed assets		3,611,137	11,621,135
Income received from investments		20,666,742	9,345,901
Loans and deposits recovered		1,677,950	2,302,168
Loans and deposits paid		(879,108)	(4,124,071)
<b>Net cash used in investing activities</b>		<b>(10,936,337)</b>	<b>(103,324,164)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(33,485,163)</b>	<b>(23,160,037)</b>
Cash and cash equivalents - at the beginning of the year		50,813,763	73,973,800
Cash and cash equivalents - at the end of the year	26	<b>17,328,600</b>	<b>50,813,763</b>

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
Secretary

  
President


## Statement of Changes in Funds


For the year ended June 30, 2012

	General Fund	Building Fund	Special Funds				Endowment Funds				Regional Committees				Benevolent Fund				Total	
			Qarz-e-Hasna Fund	Prize Fund	IFEL Fund	Sub Total	Students' Endowment Fund	Libraries Development Fund	Sub Total	Southern		Northern		Accumulated Fund	Sub Total	Accumulated Fund	Special Reserve Fund	Sub Total		
										Accumulated Fund	H.I. Irani Memorial Fund	Accumulated Fund								
Rupees																				
Balance as at July 1, 2010 - as previously reported	202,904,726	16,000,000	806,372	2,903,067	584,925	4,294,364	46,090,890	6,219,743	52,310,633	-	-	-	-	-	-	-	-	-	-	275,509,723
Effect of re-statement as referred in note 5	-	-	-	-	-	-	-	-	-	13,359,401	101,400	101,400	10,157,902	23,618,703	44,555,223	838,822	45,394,045	838,822	45,394,045	69,012,748
Balance as at July 1, 2010 - as re-stated	202,904,726	16,000,000	806,372	2,903,067	584,925	4,294,364	46,090,890	6,219,743	52,310,633	13,359,401	101,400	101,400	10,157,902	23,618,703	44,555,223	838,822	45,394,045	838,822	45,394,045	344,522,471
Transferred to Students' Endowment Fund	-	-	(806,372)	-	(584,925)	(1,391,297)	1,391,297	-	1,391,297	-	-	-	-	-	-	-	-	-	-	-
Transferred to Regional Committees	-	-	-	-	-	-	-	(1,510,000)	(1,510,000)	755,000	-	-	755,000	1,510,000	-	-	-	-	-	-
Transferred from statement of comprehensive income	69,883,229	-	-	186,426	-	186,426	2,099,061	510,050	2,609,111	2,650,924	9,507	9,507	349,946	3,010,377	4,698,863	-	4,698,863	-	4,698,863	80,388,006
Balance as at June 30, 2011	272,787,955	16,000,000	-	3,089,493	-	3,089,493	49,581,248	5,219,793	54,801,041	16,765,325	110,907	110,907	11,262,848	28,139,080	49,254,086	838,822	50,092,908	838,822	50,092,908	424,910,477
Balance as at July 1, 2011 - as previously reported	272,787,955	16,000,000	-	3,089,493	-	3,089,493	49,581,248	5,219,793	54,801,041	-	-	-	-	-	-	-	-	-	-	346,678,489
Effect of re-statement as referred in note 5	-	-	-	-	-	-	-	-	-	16,765,325	110,907	110,907	11,262,848	28,139,080	49,254,086	838,822	50,092,908	838,822	50,092,908	78,231,988
Balance as at July 1, 2011 - as re-stated	272,787,955	16,000,000	-	3,089,493	-	3,089,493	49,581,248	5,219,793	54,801,041	16,765,325	110,907	110,907	11,262,848	28,139,080	49,254,086	838,822	50,092,908	838,822	50,092,908	424,910,477
Transferred to General Fund (note 16)	16,000,000	(16,000,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred from statement of comprehensive income	61,082,307	-	-	127,705	-	127,705	3,009,463	693,291	3,702,754	2,097,991	9,375	9,375	517,602	2,624,968	7,697,163	-	7,697,163	-	7,697,163	75,234,897
Balance as at June 30, 2012	349,870,262	-	-	3,217,198	-	3,217,198	52,590,711	5,913,084	58,503,795	18,863,316	120,282	120,282	11,780,450	30,764,048	56,951,249	838,822	57,790,071	838,822	57,790,071	500,145,374

The council in its 235th meeting held on July 28, 2012, decided to appropriate Rs. 10 million received in respect of Golden Jubilee Sponsorship from General Fund to Students Endowment Fund.

The annexed notes from 1 to 33 form an integral part of these financial statements.

  
Secretary

  
President



# Notes to the Financial Statements

## For the year ended June 30, 2012

### 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.

#### 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 organizations.

#### Regional Committees

The Council of the Institute has established two regional committees (i.e. southern regional committee and northern regional committee) to carry-out the functions as laid down in bye-law 90 of the Chartered Accountants Bye-Laws, 1983. These committees function under the control, supervision and directions of the Council. Major contributions to the committees include transfers by the Institute from annual subscriptions received from its members.

#### Benevolent Fund

Benevolent Fund was established by the Council of the Institute to provide relief to deserving persons who are or have been members of the Institute and spouse, children and dependants of such members. The Fund is governed by the rules approved by the Council. Major source of the Fund is contributed by the members in the form of annual subscription.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of the International Financial Reporting Standards (IFRSs) 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.

#### 2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Institute's functional currency. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee.

#### 2.3 Standards, amendments to approved accounting standards and interpretations that are effective in the current year

There are certain new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or before July 1, 2011, but are considered not to be relevant or did not have any significant impact on the Institute's financial statements and are, therefore, not detailed in these financial statements.

## Notes to the Financial Statements

For the year ended June 30, 2012

### 2.4 Standards, amendments to approved accounting standards and interpretations that are published and considered relevant but not yet effective

Following new standards and amendments to existing standards have been published that are mandatory for accounting periods beginning on the dates mentioned below:

- (a) IFRS 9, 'Financial Instruments' (effective for the periods beginning on or after January 1, 2015). This is the first standard issued as part of a wider project to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (a) amortized cost and (b) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. The Institute is yet to assess the full impact of IFRS 9, however, initial indications are that it may not significantly affect the Institute's financial assets.
- (b) IAS 1 (Amendments), 'Presentation of financial statements' (effective for the periods beginning on or after July 1, 2012). The main change resulting from this amendment is a requirement for the entities to group items presented in 'other comprehensive income' on the basis of whether they can be potentially reclassified to profit and loss subsequently (reclassification adjustments). The amendments will only affect the disclosure in the Institute's financial statements.

### 2.5 Standards, amendments to approved accounting standards and interpretations that are not yet effective and are not considered relevant

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However, these are not expected to affect materially the financial statements of the Institute.

## 3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention except as otherwise stated.

3.2 The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates / judgments and associated assumptions are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects the both current and future periods. The areas where various assumptions and estimates are significant to the Institute's financial statements or where judgments were exercised in application of accounting policies are:

- residual values and useful lives of depreciable assets (note 4.1);
- provision against interest free education loans (note 4.4);
- impairment of assets (note 4.7);
- realizable amounts of slow moving and obsolete stock of publications (note 4.8); and
- employees' retirement benefits (note 4.11).

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

## Notes to the Financial Statements

For the year ended June 30, 2012

### 4.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and impairment, if any, except for leasehold and freehold land which are stated at cost. Depreciation is charged on reducing balance method at the rates stated in note 6.2. 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 accounted for at a nominal value as per guidelines for Accounting and Financial Reporting by Non-government organizations / Non-profit organizations issued by the Institute of Chartered Accountants of Pakistan.

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

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts and are recognized in the statement of comprehensive income.

Subsequent costs are included in the assets' carrying amount and recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income as and when incurred.

### 4.2 Capital work-in-progress

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred and advances made in the course of construction and installation. These are transferred to specific assets as and when the assets are available for use.

### 4.3 Intangible assets

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

Cost associated with maintaining computer softwares are recognized as an expense as and when incurred.

### 4.4 Interest free education loans

These are stated at cost less an allowance for uncollectable amounts, if any. Specific provision is made for doubtful students' loans on the basis of analysis conducted as to the likelihood of students to pay-off the loan.

### 4.5 Financial instruments

#### 4.5.1 Financial assets

The Institute classifies its financial assets in the following categories:

##### (a) Held to maturity

These are securities acquired by the Institute with the intention and ability to hold them upto maturity.



## Notes to the Financial Statements

For the year ended June 30, 2012

(b) **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Institute as 'fair value through profit or loss' or 'available-for-sale'.

(c) **Available-for-sale**

These financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

**Measurement**

Financial instruments are measured initially at fair value (transaction price) plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, instruments classified as 'available for sale' are measured at fair value. Changes in the fair value of instruments classified as 'available for sale' are recognised in 'other comprehensive income' until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the profit / loss for the year.

Financial assets classified as 'held to maturity' or 'loans and receivables' are carried at amortised cost using the effective yield method, less impairment losses, if any.

The Institute follows trade date accounting for purchase and sale of investments.

4.5.2 **Financial liabilities**

Financial liabilities are measured at amortised cost using the effective yield method.

4.6 **Offsetting of financial instruments**

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when the Institute has a legally enforceable right to off-set the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.7 **Impairment**

4.7.1 **Impairment in financial assets**

A financial asset is impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that loss event has an impact on the estimated future cash flows of financial asset that can be reliably estimated.

4.7.2 **Impairment in non-financial assets**

The carrying amounts of non financial assets are reviewed at each reporting date for impairment when events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to the recoverable amount. The resulting impairment loss is taken to the statement of comprehensive income.

4.8 **Stock of publications**

Stock of publications held for sale are stated at lower of cost and net realizable value. Cost is determined on first-in first-out basis.

## Notes to the Financial Statements

For the year ended June 30, 2012

Net realizable value represents estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

### **4.9 Loans, advances, prepayments and other receivables**

These are stated at their nominal values net of any allowance for uncollectable amounts (if any). Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

### **4.10 Cash and cash equivalents**

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

### **4.11 Staff retirement benefits**

#### **4.11.1 Defined benefit plan**

The Institute has terminated its recognized funded staff gratuity scheme on June 30, 2012.

The amount recognized in these financial statements in respect of gratuity scheme is based on the terminal value i.e. the benefits to be payable to the permanent employees as on June 30, 2012 who have completed qualifying period under the scheme.

All the unrecognized actuarial gains or losses and past service cost have been recognized in the profit and loss account during the current year.

The most recent actuarial valuation was carried out as at June 30, 2012, using the Projected Unit Credit Method.

#### **4.11.2 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.

### **4.12 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.

### **4.13 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 reporting date and adjusted to reflect current best estimate.

## Notes to the Financial Statements

For the year ended June 30, 2012

### 4.14 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Institute and revenue can be reliably measured. Revenue from different sources is recognized on the following basis:

- Income from subscription and fee from members and students is accounted for on receipt basis. Fee / subscription receipts relating to periods beyond the current financial year are shown as advance fee.
- Profit on investments is accrued on the basis of effective yield of respective investments.
- Profit on savings accounts is recognised on accrual basis.

### 4.15 Foreign currencies translation

Transactions in foreign currencies are translated into Pak Rupee using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the reporting date. All arising exchange gains and losses are recognised in the statement of comprehensive income.

### 4.16 Segment reporting

An operating segment is an identifiable component of the Institute that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Institute's other components. Operating segments are reported in a manner consistent with the internal reporting structure. Management has determined the operating segments based on the information that is presented to the Council of the Institute for allocation of resources and assessment of performance. Segment results that are reported to the Council of the Institute include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### 4.17 Appropriation of General Funds

Appropriations of general funds are recognized in the financial statements in the period in which these are approved.

## 5. RE-STATEMENT

The Council of the Institute in its 234th meeting held on June 15 & 16, 2012, decided to incorporate the operations and activities of the Regional Committees and the Benevolent Fund in the financial statements of the Institute in order to have an overall picture and consolidated information of all activities of the Institute.

As a result of incorporation, the Institute has restated the comparative information of assets, liabilities and fund position retrospectively for the earliest period for which retrospective restatement is practicable in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

## Notes to the Financial Statements

### For the year ended June 30, 2012

Effects of the re-statement are as follows:

	As at June 30, 2011			As at June 30, 2010		
	As re-stated	As previously reported	Re-statement	As re-stated	As previously reported	Re-statement
Effect on balance sheet						
Non-Current Assets						
Property, plant and equipment	155,263,567	150,060,448	5,203,119	161,641,975	160,258,022	1,383,953
Long term investments	184,198,329	63,896,323	120,302,006	115,592,447	13,377,398	102,215,049
Current Assets						
Short term investments	99,388,101	84,671,416	14,716,685	73,667,384	55,482,468	18,184,916
Loans, advances, prepayments and other receivables	8,845,858	12,595,426	(3,749,568)	7,919,914	10,232,881	(2,312,967)
Cash and bank balances	19,231,188	14,788,250	4,442,938	18,491,332	13,128,777	5,362,555
Current Liabilities						
Creditors, Accrued expenses and other liabilities	23,132,657	23,390,550	(257,893)	20,201,056	21,090,887	(889,831)
Fee and charges received in advance	30,635,733	26,639,889	3,995,844	28,003,497	25,474,120	2,529,377
Financed by						
Regional Committees	28,139,080	-	28,139,080	23,618,703	-	23,618,703
Benevolent Fund	50,092,908	-	50,092,908	45,394,045	-	45,394,045
Effect on Statement of Comprehensive Income						
Income						
Members' subscription	66,602,827	58,623,140	7,979,687			
Other operating income	18,883,341	10,739,883	8,143,458			
Expenditure						
Salaries, allowances and other benefits	108,511,341	107,154,567	(1,356,774)			
Depreciation	18,548,960	18,362,385	(186,575)			
Traveling and related expenses	15,307,585	14,989,602	(317,983)			
Postage and telephone	8,159,116	8,106,675	(52,441)			
Repairs and maintenance	9,764,914	10,139,034	374,120			
Printing and stationery	5,516,433	5,872,343	355,910			
Others	42,374,008	27,822,428	(14,551,580)			
Finance income	29,224,952	14,551,556	(14,673,396)			

Repair and maintenance, Printing and stationery and Others also include effects of reclassification as set out in note 32.

	Note	2012	Re-stated 2011	Re-stated 2010
			Rupees	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>				
Leasehold land - Preedy Street, Karachi	6.1	18,233	18,233	18,233
Operating fixed assets	6.2	167,846,805	150,643,100	161,623,742
Capital work in progress	6.4	352,660	4,602,234	-
		<b>168,217,698</b>	<b>155,263,567</b>	<b>161,641,975</b>

#### 6.1 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, 2012

#### 6.2 Operating fixed assets

	Leasehold land	Freehold land	Building on leasehold land	Building on freehold land	Generators	Electric fittings and appliances	Furniture and fixtures	Vehicles	Office equipment	Library books - Regional Committees	Total
Rupees											
<b>Gross carrying value basis at June 30, 2009</b>											
Cost	1,601,450	4,581,500	88,848,678	15,521,510	5,884,920	36,127,199	22,794,191	29,027,576	29,834,196	1,217,686	235,438,906
Accumulated depreciation	-	-	(23,055,726)	(5,176,938)	(2,353,161)	(11,105,228)	(8,516,707)	(9,178,721)	(12,982,070)	(869,554)	(73,238,105)
Net book value	1,601,450	4,581,500	65,792,952	10,344,572	3,531,759	25,021,971	14,277,484	19,848,855	16,852,126	348,132	162,200,801
<b>Net carrying value basis Year ended June 30, 2010</b>											
Opening net book value	1,601,450	4,581,500	65,792,952	10,344,572	3,531,759	25,021,971	14,277,484	19,848,855	16,852,126	348,132	162,200,801
Additions (Note: 6.2.1)	1	-	1,672,250	312,260	-	3,413,420	100,813	9,663,681	5,696,533	-	20,858,958
Disposals:											
- cost	-	-	-	-	-	-	-	(4,965,549)	(205,275)	-	(5,170,824)
- accumulated depreciation	-	-	-	-	-	-	-	2,889,840	120,063	-	3,009,903
Depreciation for the year	-	-	(3,339,756)	(530,833)	(529,764)	(4,086,236)	(1,449,065)	(2,075,709)	(85,212)	-	(2,160,921)
Closing net book value	1,601,451	4,581,500	64,125,446	10,125,999	3,001,995	24,349,155	12,929,232	17,478,820	17,948,443	302,701	161,623,742
<b>Gross carrying value basis at June 30, 2010</b>											
Cost	1,601,451	4,581,500	90,520,928	15,833,770	5,884,920	39,540,619	22,895,004	33,725,708	35,325,454	1,217,686	251,127,040
Accumulated depreciation	-	-	(26,395,482)	(5,707,771)	(2,882,925)	(15,191,464)	(9,965,772)	(11,067,888)	(17,377,011)	(914,985)	(89,503,298)
Net book value	1,601,451	4,581,500	64,125,446	10,125,999	3,001,995	24,349,155	12,929,232	22,657,820	17,948,443	302,701	161,623,742
<b>Net carrying value basis Year ended June 30, 2011</b>											
Opening net book value	1,601,451	4,581,500	64,125,446	10,125,999	3,001,995	24,349,155	12,929,232	22,657,820	17,948,443	302,701	161,623,742
Additions	-	-	1,693,584	-	998,040	1,627,509	404,181	7,451,415	3,354,524	-	15,529,253
Disposals:											
- cost	-	-	-	-	-	(1,086,431)	-	(13,939,292)	(435,597)	-	(15,461,320)
- accumulated depreciation	-	-	-	-	-	907,252	-	6,242,745	350,388	-	7,500,385
Depreciation for the year	-	-	(3,222,685)	(506,300)	(494,184)	(3,683,519)	(1,317,851)	(7,696,547)	(85,209)	-	(7,960,935)
Closing net book value	1,601,451	4,581,500	62,596,345	9,619,699	3,505,851	22,113,966	12,015,562	17,988,807	16,354,602	265,317	150,643,100
<b>Gross carrying value basis at June 30, 2011</b>											
Cost	1,601,451	4,581,500	92,214,512	15,833,770	6,882,960	40,081,697	23,299,185	27,237,831	38,244,381	1,217,686	251,194,973
Accumulated depreciation	-	-	(29,618,167)	(6,214,071)	(3,377,109)	(17,967,731)	(11,283,623)	(9,249,024)	(21,889,779)	(952,369)	(100,551,873)
Net book value	1,601,451	4,581,500	62,596,345	9,619,699	3,505,851	22,113,966	12,015,562	17,988,807	16,354,602	265,317	150,643,100
<b>Net carrying value basis Year ended June 30, 2012</b>											
Opening net book value	1,601,451	4,581,500	62,596,345	9,619,699	3,505,851	22,113,966	12,015,562	17,988,807	16,354,602	265,317	150,643,100
Additions	-	-	3,183,341	6,845,415	-	3,882,872	3,237,042	9,360,455	10,714,555	394,313	37,617,993
Transfer in / (out)	-	-	-	-	-	-	119,500	-	(119,500)	-	-
Disposals: (note 6.3)											
- cost	-	-	-	-	-	-	-	(4,470,916)	(12,100)	-	(4,483,016)
- accumulated depreciation	-	-	-	-	-	-	-	2,679,640	2,755	-	2,682,395
Depreciation for the year	-	-	(3,146,941)	(591,057)	(527,317)	(3,560,741)	(1,434,953)	(1,791,276)	(9,345)	-	(1,800,621)
Closing net book value	1,601,451	4,581,500	62,632,745	15,874,057	2,978,534	22,436,097	13,937,151	20,792,561	22,416,571	596,138	167,846,805
<b>Gross carrying value basis at June 30, 2012</b>											
Cost	1,601,451	4,581,500	95,397,853	22,679,185	6,882,960	43,964,569	26,655,727	32,127,370	48,827,336	1,611,999	284,329,950
Accumulated depreciation	-	-	(32,765,108)	(6,805,128)	(3,904,426)	(21,528,472)	(12,718,576)	(11,334,809)	(26,410,765)	(1,015,861)	(116,483,145)
Net book value	1,601,451	4,581,500	62,632,745	15,874,057	2,978,534	22,436,097	13,937,151	20,792,561	22,416,571	596,138	167,846,805
Rate of depreciation (% per annum)	-	-	5	5	15	15	10 - 20	20	15 - 33	10 - 33	

## Notes to the Financial Statements

For the year ended June 30, 2012

6.2.1 Leasehold land includes a plot measuring 600 square yards recorded at a nominal value of Re.1 during the financial year ended June 30, 2010. The plot was gifted by one of the senior members to the Institute for the purposes of constructing ICAP offices, a library, examination centre, class rooms, auditorium and other similar activities. 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 can not be disposed-off by the Institute.

### 6.3 Statement of disposals of operating fixed assets

Assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of buyers
<i>Rupees</i>							
Vehicles							
Suzuki Cultus	590,840	414,887	175,953	590,000	414,047	Tender	Mr. Irfan Shakeel
Suzuki Cultus	587,945	374,501	213,444	650,000	436,556	Tender	Mr. Irfan Shakeel
Suzuki Cultus	594,988	423,946	171,042	601,000	429,958	Tender	Mr. Irfan Shakeel
Suzuki Cultus	595,979	421,365	174,614	641,000	466,386	Tender	Mr. Nasir Mehmood Khan - employee
Suzuki Cultus	597,039	418,417	178,622	178,622	-	As per Institute's policy	Mr. Muhammad Ali Durrani - key management personnel
Suzuki Bolan	635,625	99,379	536,246	597,500	61,254	Insurance claim	Century Insurance Co. Ltd.
Honda City	868,500	527,145	341,355	341,355	-	As per Institute's policy	Mr. Omair Jamal - key management personnel
	4,470,916	2,679,640	1,791,276	3,599,477	1,808,201		
Office equipment							
LCD monitor	12,100	2,755	9,345	11,660	2,315	Insurance claim	Premier Insurance Limited
	4,483,016	2,682,395	1,800,621	3,611,137	1,810,516		

### 6.4 Capital work-in-progress

Advance to suppliers against:

- civil works and buildings
- furniture and fixture
- office equipment
- vehicles

2012	Re-stated 2011	Re-stated 2010
<i>Rupees</i>		
-	450,000	-
-	178,134	-
352,660	123,100	-
-	3,851,000	-
352,660	4,602,234	-

## Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	2011	2010
			Rupees	
<b>7. INTANGIBLE ASSETS</b>				
Computer softwares				
<b>Cost:</b>				
As at July 1		3,236,925	3,137,725	1,832,980
Additions		-	99,200	1,304,745
As at June 30		3,236,925	3,236,925	3,137,725
<b>Accumulated amortization:</b>				
As at July 1		(1,817,278)	(1,166,599)	(754,666)
Amortization for the year		(472,616)	(650,679)	(411,933)
As at June 30		(2,289,894)	(1,817,278)	(1,166,599)
		947,031	1,419,647	1,971,126
		2012	Re-stated 2011	Re-stated 2010
			Rupees	
<b>8. LONG TERM INVESTMENTS</b>				
General Fund	8.1	54,993,746	63,896,323	13,377,398
Specific Fund: Prize Fund	8.2	1,400,000	1,400,000	1,779,313
Endowment Funds	8.3	20,000,000	57,649,848	44,651,650
Southern Regional Committee	8.4	15,973,276	12,967,998	7,890,663
Northern Regional Committee	8.5	-	-	5,000,000
Benevolent Fund	8.6	10,171,244	48,284,160	42,893,423
		102,538,266	184,198,329	115,592,447
<b>8.1 General Fund</b>				
Special Saving Certificates	8.1.1	43,494,023	53,800,433	13,377,398
Term Deposit Receipts -loans and receivables	8.1.2	11,499,723	10,095,890	-
		54,993,746	63,896,323	13,377,398
8.1.1	This represents investment in Special Saving Certificates, having aggregate face value of Rs 35 million (2011: Rs.47 million and 2010: Rs 12 million). These certificates have been placed for a term of 3 years and are maturing on August 1, 2013. These carried mark-up at the rate of 11.99% (2011: at the rates ranged between 11.99% and 13.57% and 2010: 13.48% and 13.57%) per annum. Accrued mark-up aggregating Rs 8.494 million (2011: Rs 6.800 million and 2010: 1.377 million) is included in the carrying value.			
8.1.2	This represents investment in Term Deposit Receipts (TDRs), having aggregate face value of Rs 10 million (2011: Rs 10 million and 2010: Nil). These TDRs have been placed for a term of 3 years and are maturing on June 5, 2014. These carried mark-up at the rate of 14% (2011: 14% and 2010: Nil) per annum. Accrued mark-up aggregating Rs 1.499 million (2011: Rs 0.096 million and 2010: Rs Nil) is included in the carrying value.			
	Note	2012	2011	2010
			Rupees	
<b>8.2 Specific Fund: Prize Fund</b>				
Special Saving Certificates		-	-	379,313
Term Deposit Receipts -loans and receivables	8.2.1	1,400,000	1,400,000	1,400,000
		1,400,000	1,400,000	1,779,313
8.2.1	This represents investment in Term Deposit Receipts (TDRs), having aggregate face value of Rs. 1.4. million (2011: Rs. 1.4 million and 2010: Rs. 1.4 million). These TDRs carried mark-up at the rate of 12% (2011: 12% and 2010: 12%) per annum. These TDRs have been placed for a term of 5 years and are maturing on November 15, 2014.			

## Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	2011	2010
			<i>Rupees</i>	
<b>8.3 Endowment Funds</b>				
<b>Students' Endowment Fund</b>				
Special Saving Certificates	10.3.2 & 10.3.3	-	32,174,379	28,756,305
Term Deposit Receipts -loans and receivables	8.3.1	19,000,000	19,000,000	11,000,000
		<u>19,000,000</u>	<u>51,174,379</u>	<u>39,756,305</u>
<b>Libraries Development Fund</b>				
Special Saving Certificates	10.3.2 & 10.3.3	-	5,475,469	4,895,345
Term Deposit Receipts -loans and receivables	8.3.2	1,000,000	1,000,000	-
		<u>1,000,000</u>	<u>6,475,469</u>	<u>4,895,345</u>
		<u>20,000,000</u>	<u>57,649,848</u>	<u>44,651,650</u>

8.3.1 This represents investment in Term Deposit Receipts (TDRs), having aggregate face value of Rs.19 million (2011: Rs 19 million and 2010: Rs 11 million). These TDRs have been placed for terms between 3 and 5 years and are maturing on various dates upto January 2015. These carried mark-up at the rates ranging between 12% and 12.70% (2011: at the rate of 12% and 2010: 12%) per annum.

8.3.2 This represents investment in a Term Deposit Receipt (TDR), having face value of Rs 1 million (2011: Rs 1 million and 2010: Nil). This TDR has been placed for a term of 3 years and is maturing on June 3, 2014. This carried mark-up at the rate of 12.70% (2011: 12.70% and 2010: Nil) per annum.

	Note	2012	Re-stated 2011	Re-stated 2010
			<i>Rupees</i>	
<b>8.4 Southern Regional Committee</b>				
Certificates of Islamic Investments				
Accumulated Fund	8.4.1	15,973,276	12,857,091	7,789,263
H.J. Irani Memorial Fund		-	110,907	101,400
		<u>15,973,276</u>	<u>12,967,998</u>	<u>7,890,663</u>

8.4.1 These represent Certificates of Islamic Investments, issued by a bank costing Rs 14.830 million (2011: Rs 12.330 million and 2010: Rs 7.708 million). These certificates carry expected mark-up at the rates ranging between 9.72% and 11.74% (2011: 7.78% and 12.50% & 2010: 8.72% and 11.67%) per annum and are maturing on various dates latest by June 30, 2015. Accrued mark-up aggregating Rs 1.143 million (2011: Rs 1.426 million and 2010: Rs 0.081 million) is included in the carrying value.

	Note	2012	Re-stated 2011	Re-stated 2010
			<i>Rupees</i>	
<b>8.5 Northern Regional Committee</b>				
Habib Islamic Certificates		-	-	5,000,000
<b>8.6 Benevolent Fund</b>				
Defence Saving Certificates	8.6.1	2,960,525	2,529,701	2,100,055
Special Saving Certificates	8.6.2	7,210,719	45,754,459	40,793,368
		<u>10,171,244</u>	<u>48,284,160</u>	<u>42,893,423</u>



## Notes to the Financial Statements

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8.6.1 This represents investment in Defence Saving Certificates, having aggregate face value of Rs 2 million (2011: Rs 2 million and 2010: Rs 2 million). These certificates have been placed for a term of 10 years, maturing on April 07, 2020. These carried mark-up at the rate of 12.15% (2011: 12.15% and 2010: 12.15%) per annum. Accrued mark-up aggregating Rs 0.961 million (2011: Rs 0.530 million and 2010: Rs 0.100 million) is included in the carrying value.

8.6.2 This represents investment in Special Saving Certificates, having aggregate face value of Rs 5.5 million (2011: Rs 34.5 million and 2010: Rs 34.5 million). These certificates have been placed for a term of 3 years. These carried mark-up at the rate of 13.48% (2011: 13.57% to 15.01% and 2010: 13.57% to 15.01%) per annum. Accrued mark-up aggregating Rs 1.711 million (2011: Rs 11.254 million and 2010: Rs 6.293 million) is included in the carrying value.

	Note	2012	2011	2010
			Rupees	
<b>9. LOANS AND DEPOSITS</b>				
Motor cycle loans (secured - considered good)	9.1	738,664	477,769	438,316
Less: recoverable within one year grouped under current assets		242,179	118,916	116,577
		496,485	358,853	321,739
Loans to students				
Qarz-e-Hasna loans		181,320	181,320	181,320
Interest free education loans - unsecured				
- considered good		5,519,516	6,522,365	8,332,701
- considered doubtful		2,306,882	2,392,690	925,856
		7,826,398	8,915,055	9,258,557
Less: provision for doubtful loans		2,306,882	2,392,690	925,856
		5,519,516	6,522,365	8,332,701
Deposits		1,326,241	1,259,866	1,533,866
		7,523,562	8,322,404	10,369,626

9.1 These represent interest free loans to the employees of the Institute for purchase of motor cycles and are recoverable in monthly instalments over period of 2 to 5 years. Motor cycles provided under this scheme are registered in joint names of the Institute and employees. These loans are secured against employees' vested retirement benefits.

	Note	2012	Re-stated 2011	Re-stated 2010
			Rupees	
<b>10. SHORT TERM INVESTMENTS</b>				
General Fund	10.1	114,840,079	84,671,416	55,482,468
Specific Fund: Prize Fund	10.2	1,069,917	1,468,675	1,058,770
Endowment Funds	10.3	13,702,656	1,047,984	10,634,092
Southern Regional Committee	10.4	943,210	1,153,531	3,566,787
Northern Regional Committee	10.5	9,000,000	8,367,000	1,000,000
Benevolent Fund	10.6	2,982,325	2,679,495	1,925,267
		142,538,187	99,388,101	73,667,384
<b>10.1 General Fund</b>				
Term Deposit Receipts -loans and receivables	10.1.1	112,317,904	84,671,416	55,482,468
Special Saving Certificates	10.1.2	2,522,175	-	-
		114,840,079	84,671,416	55,482,468

## Notes to the Financial Statements

For the year ended June 30, 2012

10.1.1 This represents investment in Term Deposit Receipts (TDRs), having aggregate face value of Rs 105 million (2011: Rs 82 million and 2010: Rs 54 million). These TDRs carried mark-up at the rates ranging between 11.50% and 12.75% (2011: 12.50% and 13.40% and 2010: 11% and 12.15%) per annum and are maturing on February 2013. Accrued mark-up aggregating Rs 7.318 million (2011: Rs.2.671 million) is included in the carrying value.

10.1.2 This represents investment in Special Saving Certificates, having aggregate face value of Rs 2 million (2011: Nil and 2010: Nil). These certificates have been placed for a term of 3 years and are maturing on June 13, 2013. These carried mark-up at the rate of 11.99% (2011: Nil and 2010: Nil) per annum. Accrued mark-up aggregating Rs 0.522 million (2011: Nil and 2010: Nil) is included in the carrying value.

	Note	2012	2011	2010
			Rupees	
<b>10.2 Specific Fund: Prize Fund</b>				
Term Deposit Receipts -loans and receivables	10.2.1	1,069,917	1,055,137	1,058,770
Special Saving Certificates		-	413,538	-
		<u>1,069,917</u>	<u>1,468,675</u>	<u>1,058,770</u>

10.2.1 This represents investment in a Term Deposit Receipt (TDR), having face value of Rs 1 million (2011: Rs.1 million and 2010: 1 million). This TDR has been placed for a term of 1 year and is maturing on November 11, 2012. This TDR carried mark-up at the rate of 11% (2011: 12.5% and 2010: 11%) per annum. Accrued mark-up aggregating Rs 0.069 million (2011: Rs 0.055 million and 2010: 0.058 million) is included in the carrying value.

	Note	2012	2011	2010
			Rupees	
<b>10.3 Endowment Funds</b>				
<b>Students' Endowment Fund</b>				
Term Deposit Receipts -loans and receivables	10.3.1	1,091,780	1,047,984	9,567,682
Special Saving Certificates	10.3.2	10,088,702	-	-
		<u>11,180,482</u>	<u>1,047,984</u>	<u>9,567,682</u>
<b>Libraries Development Fund</b>				
Term Deposit Receipts -loans and receivables		-	-	1,066,410
Special Saving Certificates	10.3.3	2,522,174	-	-
		<u>2,522,174</u>	<u>-</u>	<u>1,066,410</u>
		<u>13,702,656</u>	<u>1,047,984</u>	<u>10,634,092</u>

10.3.1 This represents investment in a Term Deposit Receipt (TDR), having face value of Rs 1 million (2011: Rs 1 million and 2010: Rs 9 million). This TDR carried mark-up at the rate of 12.50% (2011: 11.75% and 2010: at the rate ranging between 11.75% and 12.00%) per annum and is maturing on October 6, 2012. Accrued mark-up aggregating Rs 0.092 million (2011: Rs 0.048 million and 2010: Rs 0.558 million) is included in the carrying value.

10.3.2 This represents investment in Special Saving Certificates (SSCs), having aggregate face value of Rs 8 million (2011: Nil and 2010: Nil). These certificates have been placed for a term of 3 years and are maturing on June 13, 2013. These carried mark-up at the rate of 11.99% per annum (2011: Nil and 2010: Nil) per annum. Accrued mark-up aggregating Rs 2.089 million (2011: Nil and 2010: Nil) is included in the carrying value.

10.3.3 This represents investment in Special Saving Certificates (SSCs), having aggregate face value of Rs 2 million (2011: Nil and 2010: Nil). These have been placed for a term of 3 years and are maturing on June 13, 2013. These carried mark-up at the rate of 11.99% per annum (2011: Nil and 2010: Nil) per annum. Accrued mark-up aggregating Rs 0.522 million (2011: Nil and 2010: Nil) is included in the carrying value.

## Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	Re-stated 2011	Re-stated 2010
			Rupees	
<b>10.4 Southern Regional Committee</b>				
Certificates of Islamic Investment				
Accumulated Fund	10.4.1	822,928	1,153,531	3,566,787
H.J. Irani Memorial Fund	10.4.2	120,282	-	-
		<u>943,210</u>	<u>1,153,531</u>	<u>3,566,787</u>

10.4.1 These represent Certificates of Islamic Investment, issued by a bank costing Rs.0.8 million (2011: Rs.0.8 million and 2010: Rs.3.175 million). These certificates carried mark-up at the rates ranging between 9.06% and 9.30% (2011: 9.02% and 9.05% & 2010: 6.75% to 9.38%) per annum. Accrued mark-up aggregating Rs.0.023 million (2011: Rs.0.353 million and 2010: Rs.0.392 million) is included in the carrying value.

10.4.2 This represents a Certificate of Islamic Investment, issued by a bank for a period of three years. This certificate carried mark-up at the rates ranging between 9.72% and 10.01% per annum and will mature on October 31, 2012. Accrued mark-up aggregating Rs.0.025 million is included in the carrying value.

	Note	2012	Re-stated 2011	Re-stated 2010
			Rupees	
<b>10.5 Northern Regional Committee</b>				
Habib Islamic certificates	10.5.1	9,000,000	5,000,000	-
Term Deposit Receipts -loans and receivables		-	3,367,000	1,000,000
		<u>9,000,000</u>	<u>8,367,000</u>	<u>1,000,000</u>

10.5.1 This represents investment in Islamic Certificates, having aggregate face value of Rs 9 million (2011: Rs 5 million and 2010: Nil). These certificates have been placed for a term of 3 years and are maturing on April 23, 2013. These carried mark-up at the rate of 10.50% (2011: 12.00% and 2010: Nil) per annum.

	Note	2012	Re-stated 2011	Re-stated 2010
			Rupees	
<b>10.6 Benevolent Fund</b>				
Investments - available for sale	10.6.1	2,982,325	2,679,495	1,925,267
<b>10.6.1 Investments - available for sale</b>				
<i>Equity shares</i>				
<i>Hub Power Co. Ltd.</i>				
As on July 01		1,500,000	1,278,400	1,083,600
Surplus on re-measurement		175,600	221,600	194,800
Market value of 40,000 ordinary shares		1,675,600	1,500,000	1,278,400
<i>Fauji Fertilizer Co. Ltd.</i>				
As on July 01		1,179,495	646,867	545,698
Surplus on re-measurement		127,230	532,628	101,169
Market value of 11,767 (2011: 7,845 and 2010: 7,845) ordinary shares		1,306,725	1,179,495	646,867
		<u>2,982,325</u>	<u>2,679,495</u>	<u>1,925,267</u>

# Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	Re-stated 2011	Re-stated 2010
			Rupees	
<b>11. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>				
Current portion of motor cycle loans	9	242,179	118,916	116,577
Advances: (considered good)				
Secured:				
- executives (key management personnel)		12,500	138,402	308,765
- employees		506,053	445,662	108,606
		518,553	584,064	417,371
Unsecured:				
- income tax		1,236,175	858,104	588,825
- rent		1,809,423	1,100,200	401,167
- suppliers		1,151,118	1,714,586	1,273,967
		4,196,716	3,672,890	2,263,959
Prepayments		1,887,511	1,041,440	883,196
Other receivables - considered good	11.1	103,583,583	3,428,548	4,238,811
		110,428,542	8,845,858	7,919,914
<b>11.1 Other receivables - considered good</b>				
- advertisement income receivable		112,500	92,500	354,335
- accrued mark-up on Term Deposit Receipts		300,608	951,046	183,002
- due from Chartered Institute of Management Accountants		-	-	1,203,984
- due from South Asian Federation of Accountants		-	-	286,262
- due from Registered Accounting Education Tutors (RAETs)		44,000	44,000	44,000
- due on account of rental of facilities		45,000	133,500	148,000
- due on account of conferences		1,846,000	-	800,000
- due from Employees' Provident Fund		-	231,310	-
- fee in-transit	11.1.1	1,010,393	889,300	-
- due from National Savings Centre	11.1.2	89,555,368	-	-
- due from defined benefit plan - gratuity fund	11.1.3	10,000,000	-	-
- miscellaneous		669,714	1,086,892	1,219,228
		103,583,583	3,428,548	4,238,811

11.1.1 This represents fee in-transit against membership to be received through a bank.

11.1.2 This represents principal and accrued mark-up due from National Savings Centre on account of matured Special Saving Certificates (SSCs).

11.1.3 This amount has been advanced to the Staff gratuity fund for timely repayment to employees in order to avoid early termination loss on investments of the gratuity fund.



## Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	Re-stated 2011	Re-stated 2010
			Rupees .....	
<b>12. CASH AND BANK BALANCES</b>				
<b>General Fund</b>				
Cash in hand				
Local currency		82,004	121,884	92,675
Foreign currency		276,822	221,743	114,404
		<u>358,826</u>	<u>343,627</u>	<u>207,079</u>
Cash at bank				
- current accounts				
Local currency		618,188	1,548,803	553,331
Foreign currency		94,549	85,965	85,300
		<u>712,737</u>	<u>1,634,768</u>	<u>638,631</u>
- PLS Saving accounts				
Local currency	12.1	5,214,283	10,921,644	9,849,915
Foreign currency	12.2	4,373,986	1,888,211	2,433,152
		<u>9,588,269</u>	<u>12,809,855</u>	<u>12,283,067</u>
<b>Prize Fund</b>				
Cash at bank				
- PLS Saving accounts	12.1	346,696	220,818	728,736
<b>Students' Endowment Fund</b>				
Cash at bank				
- Current account		721,115	681,360	-
- PLS Saving accounts	12.1	231,564	49,840	-
<b>Southern Regional Committee</b>				
Cash in hand		24,386	24,386	4,386
Cash at bank				
- Current account		1,845,198	2,107,712	637,019
- PLS Saving accounts		39,740	29,782	297,822
		<u>1,884,938</u>	<u>2,137,494</u>	<u>934,841</u>
<b>Northern Regional Committee</b>				
Cash in hand		28,236	20,684	97,181
Cash at bank				
- Current account		361,605	355,887	2,578,485
- PLS Saving accounts		1,162,855	892,532	471,271
		<u>1,524,460</u>	<u>1,248,419</u>	<u>3,049,756</u>
<b>Benevolent Fund</b>				
Cash at bank				
- PLS Saving accounts		1,907,373	59,937	547,655
		<u>17,328,600</u>	<u>19,231,188</u>	<u>18,491,332</u>

**12.1** These carry mark-up at the rate upto 5% (2011: upto 5%) per annum.

**12.2** These carry mark-up at the rate upto 0.01% (2011: upto 0.01%) per annum.

# Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	Re-stated 2011	Re-stated 2010
			Rupees	
<b>13. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES</b>				
Creditors		12,385,566	3,962,430	5,259,713
Accrued expenses				
- examination conducting charges		6,000,000	8,762,470	4,254,930
- bonus to employees		1,769,217	1,514,227	1,512,861
- due to South Asian Federation of Accountants (SAFA)		312,011	94,270	290,020
- due to Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)		-	-	170,600
- others	13.1	1,636,540	850,841	1,255,849
		9,717,768	11,221,808	7,484,260
Other liabilities				
- provision against EOBI payable		-	3,785,470	3,055,720
- Chartered Accountant Students' Association		167,450	353,283	261,230
Retention money		1,957,629	1,367,386	1,620,139
IASC Foundation royalty		314,970	804,600	351,980
Defined benefit plan - gratuity fund	13.2	-	1,248,867	547,194
Others		2,508,619	388,813	1,620,820
		4,948,668	7,948,419	7,457,083
		27,052,002	23,132,657	20,201,056

**13.1** This includes Rs.548,251 and Rs.200,000 payable to Council Members and key management personnel respectively.

**13.2** Management as on June 30, 2012 has decided to discontinue its gratuity scheme and liability towards the scheme has been fully repaid. The relevant information based on latest actuarial valuation is as follows:

	2012	2011
	Rupees	
<b>13.2.1 Reconciliation of obligation as at year end</b>		
Present value of defined benefit obligation	26,436,080	14,078,417
Fair value of plan assets	(26,436,080)	(12,829,550)
Liability at end of the year	-	1,248,867
<b>13.2.2 Movement in liability</b>		
Balance at beginning of the year	1,248,867	547,197
Charge for the year	11,192,357	2,597,957
Contributions made during the year	(12,441,224)	(1,896,287)
Balance at end of the year	-	1,248,867
<b>13.2.3 Movement in present value of defined benefit obligation</b>		
Balance at beginning of the year	14,078,417	12,304,323
Current service cost	3,301,334	3,222,035
Interest cost	1,922,898	1,580,943
Benefits paid during the year	(686,867)	(2,023,749)
Termination loss	8,091,769	-
Actuarial gain	(271,471)	(1,005,135)
Balance at end of the year	26,436,080	14,078,417

## Notes to the Financial Statements

For the year ended June 30, 2012

	2012	2011
	Rupees	
<b>13.2.4 Movement in fair value of plan assets</b>		
Balance at beginning of the year	12,829,550	11,757,126
Expected return on plan assets	1,744,259	1,452,736
Contributions made during the year	12,441,224	1,896,287
Benefits paid during the year	(686,867)	(2,023,749)
Actuarial gain / (loss)	107,914	(252,850)
Balance at end of the year	26,436,080	12,829,550
<b>13.2.5 Composition of plan assets</b>		
Government securities and receivables	11,611,832	10,655,911
Term Deposits	3,589,470	2,118,639
Bank balance	11,234,778	55,000
	26,436,080	12,829,550
<b>13.2.6 Amount recognised in statement of comprehensive income</b>		
Current service cost	3,301,334	3,222,035
Interest cost	1,922,898	1,580,943
Expected return on plan assets	(1,744,259)	(1,452,736)
Termination loss	8,091,769	-
Actuarial gain	(379,385)	(752,285)
	11,192,357	2,597,957
<b>13.2.7 Actual return on plan assets</b>	1,852,173	1,199,886

### 13.2.8 Comparison of historical information of five years

	2012	2011	2010	2009	2008
	Rupees				
Present value of defined benefit obligation	(26,436,080)	(14,078,417)	(12,304,323)	(11,088,859)	(8,729,703)
Fair value of plan assets	26,436,080	12,829,550	11,757,126	11,088,859	8,729,703
Deficit	-	(1,248,867)	(547,197)	-	-
Experience adjustment on obligation - (gain) / loss	(271,471)	(1,005,135)	(481,104)	(723,631)	2,327,771
Experience adjustment on plan assets - gain / (loss)	107,914	(252,850)	(721,758)	(564,788)	1,031,829

	2012	2011
<b>13.2.9 Principal actuarial assumptions used in valuation</b>		
Discount rate (per annum)	12.50%	14.00%
Future salary increase (per annum)	12.50%	14.00%
Expected rate of return on plan assets (per annum)	12.50%	12.50%

13.2.10 As the staff gratuity fund has been abolished, there would be no charge of gratuity expense for the year ending June 30, 2013.

# Notes to the Financial Statements

For the year ended June 30, 2012

	2012	Re-stated 2011	Re-stated 2010
	<i>Rupees</i>		
<b>14. FEE AND CHARGES RECEIVED IN ADVANCE</b>			
Fee received in advance from / on account of:			
Members	13,148,662	20,433,589	14,508,605
Examinations	10,816,380	8,042,600	11,864,820
Others	288,700	571,650	453,400
Advance life insurance premium from members	672,430	1,587,894	1,152,920
Advance health insurance premium from members	-	-	23,752
	<u>24,926,172</u>	<u>30,635,733</u>	<u>28,003,497</u>

## 15. CONTINGENCIES AND COMMITMENTS

**15.1** 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 Honourable Supreme Court of Pakistan which was pending for hearing in the year 2009. During the pendency of the appeal the Competition Commission Ordinance, 2010 was promulgated on March 26, 2010. The judgment has now been suspended by the Honourable Supreme Court of Pakistan. As per opinion of the Institute's legal counsel, 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.

**15.2** Commitments in respect of capital expenditure as at the reporting date aggregated to Rs.8.351 million (2011: Rs.11.447 million).

## 16. BUILDING FUND

The Council in its meeting held on January 26, 2012 decided to transfer Building Fund aggregating Rs.16.00 million to the General Fund.

	Note	2012	Re-stated 2011
		<i>Rupees</i>	
<b>17. MEMBERS' SUBSCRIPTION</b>			
Annual subscription	17.1	66,372,347	59,449,786
Admission fee		1,372,750	522,400
Practicing certificate fee		7,546,368	6,626,641
Foreign affiliation fee		121,000	-
Duplicate identity card fee		9,400	4,000
		<u>75,421,865</u>	<u>66,602,827</u>
<b>17.1 Annual subscription</b>			
- General Fund		55,761,236	51,470,099
- Southern Regional Committee		2,394,450	2,359,275
- Northern Regional Committee		1,669,600	1,675,150
- Benevolent Fund		6,547,061	3,945,262
		<u>66,372,347</u>	<u>59,449,786</u>



Notes to the Financial Statements  
For the year ended June 30, 2012

	Note	2012	2011
		Rupees	
<b>18. EXAMINATION AND OTHER FEES</b>			
Examination fee		192,677,421	177,185,369
Annual subscription from students		17,385,302	16,706,579
Examination conducting fee		3,724,213	2,802,252
Entrance test exemption fee		7,382,400	8,023,700
Entrance test fee		5,687,120	3,737,450
Fee for duplicate certificates		712,140	532,330
		<u>227,568,596</u>	<u>208,987,680</u>
<b>19. EDUCATION AND TRAINING FEES</b>			
Registration fee		40,725,650	40,687,450
Registered Accounting Education Tutors' fee		665,500	755,200
Training contract amendment fee		71,000	46,000
Training organization fee		180,000	138,000
		<u>41,642,150</u>	<u>41,626,650</u>
<b>20. PUBLICATIONS</b>			
Accounting Standards		5,159,100	4,023,000
Auditing Standards		1,387,250	1,667,250
Gripping IFRS		512,230	1,631,800
Miscellaneous		605,019	579,638
		<u>7,663,599</u>	<u>7,901,688</u>
		2012	Re-stated 2011
		Rupees	
<b>21. OTHER OPERATING INCOME</b>			
Income derived from rental of facilities		3,246,500	3,303,850
Reversal of provision for doubtful students' loan		85,808	34,351
Gain on sale of operating fixed asset	6.3	1,810,516	3,784,502
Net income from seminars and conferences	21.1	1,449,190	2,947,905
Provision against EOBI payable - written back		3,785,470	-
Miscellaneous income		1,471,243	1,142,789
		<u>11,848,727</u>	<u>11,213,397</u>
<b>21.1 Net income from seminars and conferences</b>			
Income from sponsorship and others		17,496,174	16,914,644
Less: expenses incurred		16,046,984	13,966,739
		<u>1,449,190</u>	<u>2,947,905</u>
<b>22. SALARIES, ALLOWANCES AND OTHER BENEFITS</b>			
Salaries and allowances		114,749,157	99,398,161
Employees' health insurance		1,600,140	1,375,593
Defined benefit plan - gratuity fund	13.2.6	11,192,357	2,597,957
Defined contribution plan - provident fund		6,107,123	5,139,630
		<u>133,648,777</u>	<u>108,511,341</u>
<b>23. TRAVELING AND RELATED EXPENSES</b>			
Expenses incurred in respect of meetings and conferences attended by:			
- Members of the Council		12,103,190	10,709,126
- Members of the Committees		2,017,643	1,871,533
- Staff of the Institute			
secretary, directors and other executives		3,279,144	1,411,755
other staff		1,572,453	1,315,171
		<u>4,851,597</u>	<u>2,726,926</u>
		<u>18,972,430</u>	<u>15,307,585</u>

## Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	Re-stated 2011
		Rupees	
<b>24. OTHERS</b>			
Fee to professional bodies		2,253,753	1,232,145
Legal and professional charges		1,769,729	1,253,680
Consultancy charges		168,000	-
Auditors' remuneration	24.1	610,952	479,929
Annual general meeting		172,441	247,388
Books and publications		441,776	411,998
Conveyance		193,938	124,952
Entertainment		2,321,884	2,259,435
Bank charges		1,497,347	1,613,810
Insurance		1,113,540	1,137,199
Vehicles maintenance and running cost		5,125,238	4,707,574
Publications written-off		328,704	872,818
Amortization of intangible assets	7	472,616	650,679
Doubtful loans to students		-	1,501,185
Gold medals and award ceremony		2,606,561	3,666,249
Entrance test conducting charges		294,060	164,200
Registered Accounting Education Tutor's appraisal cost		61,200	15,000
Training expenses		659,919	2,340,106
Golden Jubilee Celebrations - net	24.2	2,963,880	1,808,348
Financial assistance to students	24.3	3,950,545	3,596,810
Online Education and Research Facility (PERN-2)		2,086,577	1,554,537
Loss on sale of operating fixed assets		-	95,543
Financial Assistance to members/families		6,923,720	5,785,730
Honoraria to article writers		67,000	129,000
Sports and recreation		356,102	324,284
Sundry expenses		4,034,396	2,622,634
		<u>40,473,878</u>	<u>38,595,233</u>
<b>24.1 Auditors' remuneration</b>			
Audit fee			
Abdul Hameed Chaudhri		200,000	-
Abdul Wahid		200,000	-
M. Afzal Munif		-	185,000
Qasim Ebrahim Causer		-	185,000
Shaukat Amin Shah		25,000	25,000
Najeeb Mochala		50,000	-
Mino N. Bamjee	24.1.1	-	-
		<u>475,000</u>	<u>395,000</u>
Out of pocket expenses		<u>135,952</u>	<u>84,929</u>
		<u>610,952</u>	<u>479,929</u>
24.1.1 In the year 2011, no audit fee was charged by the auditor in respect of audit of Southern Regional Committee.			
		2012	Re-stated 2011
		Rupees	
<b>24.2 Golden Jubilee Celebrations - Net</b>			
Expenses incurred on Golden Jubilee Celebrations		24,423,170	7,285,348
Less: revenue from sponsorship and others		21,459,290	5,477,000
		<u>2,963,880</u>	<u>1,808,348</u>
<b>24.3</b> This represents disbursements made out of Students' Endowment Fund.			

## Notes to the Financial Statements

For the year ended June 30, 2012

	Note	2012	Re-stated 2011
		Rupees	
<b>25. FINANCE INCOME</b>			
<b>General Fund</b>			
Mark-up on:			
- Special Saving Certificates		6,865,478	5,423,035
- Term Deposit Receipts		12,925,045	6,917,013
- PLS accounts		2,677,918	2,163,628
		22,468,441	14,503,676
Exchange gain		215,545	47,880
		22,683,986	14,551,556
<b>Specific Fund</b>		297,432	316,828
<b>Endowment Funds</b>		7,818,336	6,369,478
<b>Southern Regional Committee</b>		1,302,754	1,388,025
<b>Northern Regional Committee</b>		1,015,086	813,962
<b>Benevolent Fund</b>		5,740,378	5,785,103
		38,857,972	29,224,952

## 26. CASH AND CASH EQUIVALENTS

For the purpose of statement of cash flows, cash and cash equivalents comprise of followings:

	Note	2012	Re-stated 2011
		Rupees	
Cash and bank balances	12	17,328,600	19,231,188
Investments realizable within three months		-	31,582,575
		17,328,600	50,813,763

## 27. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Institute comprise of employees retirement benefit plans and key management personnel. Amounts due from and to related parties are shown under receivables and payables. Transactions with key management personnel under the terms of employment are disclosed in note 28. Other significant transactions with related parties are as follows:

Relationship with the Institute	Nature of transactions	2012 Rupees	2011 Rupees
(i) Staff retirement plans	Contributions paid to:		
	- gratuity fund	12,441,224	1,896,287
	- provident fund	6,107,123	5,139,630
	Benefits paid on behalf of:		
	- gratuity fund	-	2,597,957
	- provident fund	-	371,822
	Advance made to gratuity fund	10,000,000	-
(ii) Key management personnel			
- Directors and other Executives	Consideration received against sale of fixed assets	519,977	1,226,698
- Members of the Council	Membership fee received	335,900	315,750

## Notes to the Financial Statements

For the year ended June 30, 2012

- 27.1** Disposal of property, plant and equipment to key management personnel are disclosed in note 6.3.
- 27.2** Detail of expenses incurred in respect of traveling of members of the Council, members of the Committees, Secretary and Directors and Other executives of the Institute are disclosed in note 23.
- 27.3** 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, Secretary, Directors and Other Executives as its key management personnel.

### 28. REMUNERATION AND BENEFITS OF DIRECTORS / SECRETARY AND OTHER EXECUTIVES

The aggregate amount charged in these financial statements for the year for remuneration including certain benefits to above are as follows:

	Secretary / Directors		Other Executives	
	2012	2011	2012	2011
	<i>Rupees</i>			
Managerial remuneration	15,033,413	13,013,420	36,047,912	38,504,890
Bonus	600,000	-	1,804,547	-
Defined contribution plan - employee provident fund	915,841	838,374	1,991,428	2,045,081
Defined benefit plan - employee gratuity fund	1,658,910	394,699	3,829,980	1,026,662
Annual membership fee	71,975	63,350	253,290	226,350
Fuel and maintenance	1,524,810	1,297,311	2,375,462	2,450,983
	<u>19,804,949</u>	<u>15,607,154</u>	<u>46,302,619</u>	<u>44,253,966</u>
Number of persons	<u>5</u>	<u>5</u>	<u>19</u>	<u>20</u>

- 28.1** The President and members of the Council are not given any remuneration or benefits. They are only reimbursed traveling and related expenses where they represent the Institute or participate in the Institute's meetings.
- 28.2** The Directors / Secretary and certain executives of the Institute are also provided with the Institute's maintained cars.

### 29. SEGMENT INFORMATION

Management has determined the operating segments based on the information that is presented to the Council of the Institute for allocation of resources and assessment of performance. The Institute is organized into the following operating segments:

#### Geographical segments:

The Institute has following two main geographical segments:

- North (includes provinces namely Punjab, Khyber Pakhtunkhwa and Gilgit baltistan); and
- South (includes provinces namely Sindh and Balochistan).

#### Service segments:

The institute has following four reportable segments on the basis of services characteristics:

- Examination;
- Education;
- Membership; and
- General Services.



## Notes to the Financial Statements

For the year ended June 30, 2012

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Management during the current year has revised its bases of allocation of assets, liabilities, income and expenses amongst operating segments for better presentation and reporting. Accordingly figures of the comparative period have been re-classified / re-arranged in this note for the purpose of comparability.

### 29.1 Geographical segments:

Bases of allocation amongst geographical segments are as follows:

Services provided / rendered directly to students are allocated on the basis of number of students whereas services to members are allocated on the basis of number of members at each geographical segment. The general services are, however, allocated on the proportion derived by the weighted average number of students and members.

#### 29.1.1 Segment revenues and results

	2012		
	South	North	Total
	Rupees		
Income			
- from members	44,498,900	30,922,965	75,421,865
- from students	96,915,869	172,294,877	269,210,746
- others	8,000,054	11,512,272	19,512,326
	149,414,823	214,730,114	364,144,937
Less: expenditure - note 29.1.4	136,238,344	191,832,497	328,070,841
	13,176,479	22,897,617	36,074,096
Add: finance Income and surplus on re-measurement of investments (unallocated)			39,160,801
Excess of income over expenditure			75,234,897

	2011 (Re-stated)		
	South	North	Total
	Rupees		
Income			
- from members	40,627,724	25,975,103	66,602,827
- from students	92,727,302	157,887,028	250,614,330
- others	8,028,336	11,086,749	19,115,085
	141,383,362	194,948,880	336,332,242
Less: expenditure - note 29.1.4	119,928,941	165,994,475	285,923,416
	21,454,421	28,954,405	50,408,826
Add: finance Income and surplus on re-measurement of investments (unallocated)			29,979,180
Excess of income over expenditure			80,388,006

## Notes to the Financial Statements

For the year ended June 30, 2012

### 29.1.2 Other Information

	2012		
	South	North	Total
	Rupees		
Segments assets employed	91,689,948	130,290,200	221,980,148
Unallocated assets			330,143,400
Total assets			552,123,548
Segments liabilities employed	21,311,051	30,667,123	51,978,174
Unallocated liabilities			-
Total liabilities			51,978,174
Capital expenditure incurred during the year	15,799,557	21,818,436	37,617,993
	2011 (Re-stated)		
	South	North	Total
	Rupees		
Segments assets employed	74,828,149	100,882,683	175,710,832
Unallocated assets			302,968,035
Total assets			478,678,867
Segments liabilities employed	22,582,724	31,185,666	53,768,390
Unallocated liabilities			-
Total liabilities			53,768,390
Capital expenditure incurred during the year	6,366,994	9,162,259	15,529,253

29.1.3 Segment assets primarily consist of property, plant & equipment, loans, advances and receivables. Segment liabilities comprise of advance fee & charges and creditors, accrued & other liabilities.

## Notes to the Financial Statements

For the year ended June 30, 2012

### 29.1.4 Expenditure

	2012			2011 (Re-stated)		
	South	North	Total	South	North	Total
	Rupees			Rupees		
Salaries, allowances, and other benefits	54,795,999	78,852,778	133,648,777	45,574,763	62,936,578	108,511,341
Examination charges	21,105,985	34,190,217	55,296,202	20,709,239	32,556,269	53,265,508
Depreciation	7,631,603	10,982,064	18,613,667	7,790,563	10,758,397	18,548,960
Traveling & related expenses	7,778,696	11,193,734	18,972,430	6,429,186	8,878,399	15,307,585
Publications	4,548,672	4,475,381	9,024,053	4,649,321	5,041,117	9,690,438
Utilities	6,048,795	8,704,363	14,753,158	5,159,777	7,125,406	12,285,183
Postage and telephone	3,724,301	5,359,360	9,083,661	3,426,829	4,732,287	8,159,116
Repair and maintenance	5,047,117	7,262,925	12,310,042	4,101,264	5,663,650	9,764,914
Printing and stationery	3,012,269	4,334,729	7,346,998	2,316,902	3,199,531	5,516,433
Rent, rates and taxes	2,002,676	2,881,899	4,884,575	1,878,437	2,594,031	4,472,468
Advertisement and exhibition	2,355,308	1,308,092	3,663,400	875,619	930,618	1,806,237
Fee to professional bodies	1,329,714	924,039	2,253,753	751,608	480,537	1,232,145
Legal & professional charges	725,589	1,044,140	1,769,729	526,546	727,134	1,253,680
Consultancy charges	68,880	99,120	168,000	-	-	-
Auditors' remuneration	360,462	250,490	610,952	292,757	187,172	479,929
Annual general meeting	101,740	70,701	172,441	150,907	96,481	247,388
Books & publications	181,128	260,648	441,776	173,039	238,959	411,998
Conveyance	79,515	114,423	193,938	52,480	72,472	124,952
Entertainment	951,972	1,369,912	2,321,884	948,963	1,310,472	2,259,435
Bank charges	613,912	883,435	1,497,347	677,800	936,010	1,613,810
Insurance	456,551	656,989	1,113,540	477,624	659,575	1,137,199
Vehicle maintenance and running cost	2,101,348	3,023,890	5,125,238	1,977,181	2,730,393	4,707,574
Publications written-off	134,769	193,935	328,704	366,584	506,234	872,818
Amortization of intangible assets	193,773	278,843	472,616	273,285	377,394	650,679
Doubtful loans to students (IFEL)	-	-	-	540,427	960,758	1,501,185
Gold medals & award ceremony	1,762,127	844,434	2,606,561	1,558,914	2,107,335	3,666,249
Entrance test conducting charges	65,400	228,660	294,060	122,200	42,000	164,200
Registered Accounting Education Tutor's appraisal cost	61,200	-	61,200	15,000	-	15,000
Training expenses	270,567	389,352	659,919	982,845	1,357,261	2,340,106
Golden Jubilee Celebrations	1,748,689	1,215,191	2,963,880	1,103,092	705,256	1,808,348
Financial assistance to students	1,422,196	2,528,349	3,950,545	1,330,820	2,265,990	3,596,810
Online Education & Research Facility (PERN 2)	855,497	1,231,080	2,086,577	652,906	901,631	1,554,537
Loss on sale of operating fixed assets	-	-	-	40,128	55,415	95,543
Financial assistance to the members and families	2,874,320	4,049,400	6,923,720	2,710,050	3,075,680	5,785,730
Honoraria to article writer	27,470	39,530	67,000	54,180	74,820	129,000
Sports & recreation	146,002	210,100	356,102	136,199	188,085	324,284
Sundry expenses	1,654,102	2,380,294	4,034,396	1,101,506	1,521,128	2,622,634
<b>Total expenditure</b>	<b>136,238,344</b>	<b>191,832,497</b>	<b>328,070,841</b>	<b>119,928,941</b>	<b>165,994,475</b>	<b>285,923,416</b>

### 29.2 Service segments

Bases of allocation amongst service segments are as follows:

Services provided / rendered directly to students are allocated to education and examination departments in accordance with their respective activities whereas, member related income and expenditure are allocated directly to membership department. Remaining income and expenditure are allocated to general services.

## Notes to the Financial Statements

For the year ended June 30, 2012

### 29.2.1 Segment revenues and results

	2012				
	Examination	Education	Membership	General services	Total
	Rupees				
Income					
- from members	-	-	75,421,865	-	75,421,865
- from students	227,568,596	41,642,150	-	-	269,210,746
- others	-	-	-	19,512,326	19,512,326
	227,568,596	41,642,150	75,421,865	19,512,326	364,144,937
Expenditure (29.2.3)	132,691,536	21,372,863	70,609,250	103,397,192	328,070,841
	94,877,060	20,269,287	4,812,615	(83,884,866)	36,074,096
Add: finance Income and surplus on re-measurement of investments (unallocated)					39,160,801
Excess of income over expenditure					75,234,897
	2011 (Re-stated)				
	Examination	Education	Membership	General services	Total
	Rupees				
Income					
- from members	-	-	66,602,827	-	66,602,827
- from students	208,987,680	41,626,650	-	-	250,614,330
- others	-	-	-	19,115,085	19,115,085
	208,987,680	41,626,650	66,602,827	19,115,085	336,332,242
Expenditure (29.2.3)	117,486,775	20,337,614	58,608,213	89,490,814	285,923,416
	91,500,905	21,289,036	7,994,614	(70,375,729)	50,408,826
Add: finance Income and surplus on re-measurement of investments (unallocated)					29,979,180
Excess of income over expenditure					80,388,006

### 29.2.2 Other Informations

	2012				
	Examination	Education	Membership	General services	Total
	Rupees				
Segment assets employed	45,125,596	46,069,167	80,902,477	128,081,676	300,178,916
Unallocated assets					251,944,632
Total assets					552,123,548
Segment liabilities employed	14,530,235	643,136	19,238,245	17,566,558	51,978,174
Unallocated liabilities					-
Total liabilities					51,978,174
Capital expenditure incurred during the year	4,855,940	2,512,417	3,546,801	26,702,835	37,617,993
	2011 (Re-stated)				
	Examination	Education	Membership	General services	Total
	Rupees				
Segment assets employed	42,947,622	17,578,964	70,964,232	93,174,865	224,665,683
Unallocated assets					254,013,184
Total assets					478,678,867
Segment liabilities employed	19,121,094	1,841,517	24,072,342	8,733,437	53,768,390
Unallocated liabilities					-
Total liabilities					53,768,390
Capital expenditure incurred during the year	2,563,412	1,597,471	3,066,414	8,301,956	15,529,253



## Notes to the Financial Statements

### For the year ended June 30, 2012

#### 29.2.3 Expenditure

	2012					2011 (Re-stated)				
	Examination	Education	Membership	General Service	Total	Examination	Education	Membership	General Service	Total
	Rupees					Rupees				
Salaries, allowances, and other benefits	46,287,059	9,564,562	26,436,159	51,360,997	133,648,777	37,251,346	9,349,847	20,299,407	41,610,741	108,511,341
Examination charges	55,296,202	-	-	-	55,296,202	53,265,508	-	-	-	53,265,508
Depreciation	5,584,100	1,116,820	2,605,913	9,306,834	18,613,667	5,379,198	1,112,938	2,596,854	9,459,970	18,548,960
Traveling and related expenses	2,128,492	513,530	15,348,609	981,799	18,972,430	681,625	130,445	14,161,598	333,917	15,307,585
Publications	-	-	-	9,024,053	9,024,053	-	-	-	9,690,438	9,690,438
Utilities	4,425,947	885,189	2,065,442	7,376,580	14,753,158	3,562,703	737,111	1,719,926	6,265,443	12,285,183
Postage and telephone	2,725,098	545,020	1,271,713	4,541,830	9,083,661	2,366,144	489,547	1,142,276	4,161,149	8,159,116
Repairs and maintenance	3,693,013	738,603	1,723,406	6,155,020	12,310,042	2,831,825	585,895	1,367,088	4,980,106	9,764,914
Printing and stationery	2,400,698	738,658	1,312,943	2,894,699	7,346,998	1,930,575	829,862	794,353	1,961,643	5,516,433
Rent, rates and taxes	1,465,373	293,074	683,841	2,442,287	4,884,575	1,297,016	268,348	626,145	2,280,959	4,472,468
Advertisement and exhibitions	-	1,754,562	1,153,873	754,965	3,663,400	20,688	564,559	309,749	911,241	1,806,237
Fee to professional bodies	-	-	2,253,753	-	2,253,753	-	-	1,232,145	-	1,232,145
Legal and professional charges	48,500	-	1,289,500	431,729	1,769,729	41,500	-	1,212,180	-	1,253,680
Consultancy charges	-	-	-	168,000	168,000	-	-	-	-	-
Auditors' remuneration	-	-	610,952	-	610,952	-	-	479,929	-	479,929
Annual general meeting	-	-	172,441	-	172,441	-	-	247,388	-	247,388
Books and publications	40,376	9,176	57,283	334,941	441,776	56,867	-	61,819	293,312	411,998
Conveyance	-	-	-	193,938	193,938	-	-	-	124,952	124,952
Entertainment	513,038	75,687	375,021	1,358,138	2,321,884	404,808	91,822	267,233	1,495,572	2,259,435
Bank charges	935,751	171,231	310,131	80,234	1,497,347	1,002,778	199,736	319,578	91,718	1,613,810
Insurance	329,954	64,385	250,910	468,291	1,113,540	346,492	89,720	297,520	403,467	1,137,199
Vehicle maintenance and running cost	1,651,143	350,639	1,669,379	1,454,077	5,125,238	1,584,262	400,661	1,329,871	1,392,780	4,707,574
Publications written-off	-	-	-	328,704	328,704	-	-	-	872,818	872,818
Amortization of intangible assets	141,785	28,357	66,166	236,308	472,616	188,697	39,041	91,095	331,846	650,679
Doubtful loan to students	-	-	-	-	-	-	1,501,185	-	-	1,501,185
Gold medals and award ceremony	2,606,561	-	-	-	2,606,561	3,666,249	-	-	-	3,666,249
Entrance tests conducting charges	294,060	-	-	-	294,060	164,200	-	-	-	164,200
Registered Accounting Education Tutor's appraisal cost	-	61,200	-	-	61,200	-	15,000	-	-	15,000
Training expenses	181,263	123,000	157,425	198,231	659,919	138,872	65,000	1,827,777	308,457	2,340,106
Golden Jubilee Celebrations	-	-	2,963,880	-	2,963,880	-	-	1,808,348	-	1,808,348
Financial assistance to students	-	3,950,545	-	-	3,950,545	-	3,596,810	-	-	3,596,810
Online Education & Research Facility (PERN 2)	625,973	125,195	292,121	1,043,288	2,086,577	450,816	93,272	217,635	792,814	1,554,537
Loss on sale of operating fixed assets	-	-	-	-	-	-	-	-	95,543	95,543
Financial assistance to the members and families	-	-	6,923,720	-	6,923,720	-	-	5,785,730	-	5,785,730
Honoraria to article writer	-	-	-	67,000	67,000	-	-	-	129,000	129,000
Sports and recreation	106,831	21,366	49,854	178,051	356,102	94,042	19,457	45,400	165,385	324,284
Sundry expenses	1,210,319	242,064	564,815	2,017,198	4,034,396	760,564	157,358	367,169	1,337,543	2,622,634
<b>Total expenditure</b>	<b>132,691,536</b>	<b>21,372,863</b>	<b>70,609,250</b>	<b>103,397,192</b>	<b>328,070,841</b>	<b>117,486,775</b>	<b>20,337,614</b>	<b>58,608,213</b>	<b>89,490,814</b>	<b>285,923,416</b>

# Notes to the Financial Statements

For the year ended June 30, 2012

## 30. FINANCIAL INSTRUMENTS

The Institute has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including foreign currency risk, interest rate risk and other price risk).

### 30.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Credit risk mainly arises from long term & short term investments, loans, advances, deposits, other receivables and bank balances. Out of the total financial assets aggregating Rs.374.273 million (2011: Rs.315.272 million) as detailed in note 30.5 below, those that are subject to credit risk aggregate to Rs. 373.861 million (2011: Rs. 314.882 million).

The credit risk on liquid funds maintained with banks / financial institutions and investments is limited as approximately 70% (2011: 96%) of the financial assets of the Institute are held with banks having highest capacity for timely repayment (i.e., having credit rating of at least 'A+'). Accordingly, management does not expect any counter party to fail in meeting their obligations.

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the Institute's total credit exposure. The financial assets of the Institute are broadly diversified and transactions are entered into with diverse credit worthy parties thereby mitigating any significant concentration risk. The Institute believes that it is not exposed to major concentration of credit risk.

The carrying amounts of financial assets that represent Institute's maximum credit exposure as at the reporting date are as follows:

	2012	Re-stated 2011
	Rupees	
Long term investments	102,538,266	184,198,329
Loans and deposits	7,523,562	8,322,404
Short term investments	142,538,187	99,388,101
Loans, advances and other receivables	104,344,315	4,131,528
Bank balances	16,917,152	18,842,491
	<u>373,861,482</u>	<u>314,882,853</u>

### 30.2 Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute maintains sufficient cash and cash equivalent balances to manage its 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 funds are then invested in line with the forecast requirements. Financial liabilities in accordance with their contractual maturities are presented below:

## Notes to the Financial Statements

For the year ended June 30, 2012

	2012			
	Carrying amount	Contractual cash flows	Not later than three months	Three to twelve months
	Rupees			
<b>Financial liabilities</b>				
Creditors, accrued expenses and other liabilities	<u>27,052,002</u>	<u>26,658,833</u>	<u>22,955,114</u>	<u>3,703,719</u>
	2011 (Re-stated)			
	Carrying amount	Contractual cash flows	Not later than three months	Three to twelve months
	Rupees			
<b>Financial liabilities</b>				
Creditors, accrued expenses and other liabilities	<u>19,347,187</u>	<u>19,605,080</u>	<u>18,108,178</u>	<u>1,496,902</u>

### 30.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Institute's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures with acceptable parameters, while optimising the return.

#### (a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Institute is exposed to currency risk due to foreign currency in hand, bank accounts in U.S. Dollar and payables in foreign currencies. The Institute's exposure to foreign currency risk at the reporting date is as follows:

	2012					
	Rupee equivalent	U.S. Dollar	British Pound	UAE Dirham		
Cash and bank balances	4,745,357	45,864	1,240	3,615		
Creditors, accrued expenses and other liabilities	(2,382,529)	(5,050)	(12,928)	-		
Net exposure	2,362,828	40,814	(11,688)	3,615		
	2011					
	Rupee equivalent	U.S. Dollar	British Pound	UAE Dirham	Euro	Saudi Riyal
Cash and bank balances	2,195,919	21,394	180	3,436	200	4,000
Creditors, accrued expenses and other liabilities	(94,220)	(1,100)	-	-	-	-
Net exposure	2,101,699	20,294	180	3,436	200	4,000

## Notes to the Financial Statements

For the year ended June 30, 2012

The following significant exchange rates have been applied:

	Reporting date rate	
	2012	2011
	Rupees	
U.S. Dollar to Rupee	94.55	85.97
British Pound to Rupee	147.36	137.35
UAE Dirham to Rupee	25.74	23.41
Euro to Rupee	-	124.54
Saudi Riyal to Rupee	-	22.92

The currency risk associated with these balances is considered minimal and, therefore, the Institute does not hedge its foreign currency exposure.

### Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against Dollar, British Pound and UAE Dirham with all other variables held constant, income for the year would have been (decreased) / increased by the amounts shown below mainly as a result of net foreign exchange (loss) / gain on translation of financial assets and liabilities.

	2012	2011
	Rupees	
<b>Effect on income for the year:</b>		
U.S. Dollar to Rupee	385,892	174,467
British Pound to Rupee	(172,233)	2,472
UAE Dirham to Rupee	9,306	8,042
Euro to Rupee	-	2,491
Saudi Riyal to Rupee	-	9,169

The sensitivity analysis prepared is not necessarily indicative of the effects on income and assets of the Institute.

### (b) 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 fixed rate securities and are carried at amortised cost, the Institute does not believe that it is exposed to any interest rate risk. At the reporting date, the interest rate profile of the Institute's significant financial assets is as follows:

	2012	2011
	Carrying amount	
	Rupees	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Long term investments (note 8)	102,538,266	184,198,329
Short term investments (note 10)	142,538,187	99,388,101



## Notes to the Financial Statements

For the year ended June 30, 2012

The rates of interest have been disclosed in the respective notes to these financial statements.

### Fair value sensitivity analysis for fixed rate instruments

The Institute does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect statement of comprehensive income.

### 30.4 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximate their fair values, except investments in Special Saving Certificates that are carried at amortised cost, using the effective yield method, aggregating Rs.65.837 million (2011: Rs.137.618 million) as against the fair value of Rs.62.795 million (2011: Rs.133.680 million).

	2012	Re-stated 2011
	..... Rupees .....	
<b>30.5 Financial instruments by category</b>		
<b>Financial assets</b>		
<b>Held to maturity</b>		
Investments:		
- long term	102,538,266	184,198,329
- short term	142,538,187	99,388,101
	245,076,453	283,586,430
<b>Loans and receivables</b>		
Loans, advances, deposits and other receivables		
- long term	7,523,562	8,322,404
- short term	104,344,315	4,131,528
Cash and bank balances	17,328,600	19,231,188
	129,196,477	31,685,120
<b>Financial liabilities</b>	374,272,930	315,271,550
<b>Liabilities carried at amortised cost</b>		
Creditors, accrued expenses and other liabilities	27,052,002	18,098,320

### 31. NUMBER OF EMPLOYEES

The Institute had 173 (2011: 171) full time employees and 4 (2011: 14) part time employees as at June 30, 2012.

## Notes to the Financial Statements

For the year ended June 30, 2012

### 32. CORRESPONDING FIGURES

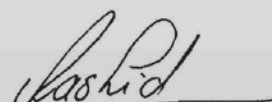
Corresponding figures have been re-arranged and / or re-classified for the purpose of better presentation.

Re-classification from component	Re-classification to component	Note	2011 Rupees	2010 Rupees
<b>Balance sheet</b>				
Loans and deposits (Advance for booking of cars)	Property, plant and equipment (capital work-in-progress)	6.4	3,851,000	-
Assets relating to Specific Fund	Long term investments	8	1,400,000	1,779,313
	Short term investments	10	1,468,675	1,058,770
Assets relating to Endowment Fund	Cash and Bank balances	12	220,818	728,736
	Long term investments	8	57,649,848	44,651,650
	Loans and Deposit	9	709,420	727,545
	Short term investments	10	1,047,984	10,634,092
	Loans, advances, prepayments and other receivables	11	97,682	-
	Cash and Bank balances	12	731,200	-
<b>Statement of comprehensive income</b>				
Printing and stationery	Examination charges		1,035,000	-
Repairs and maintenance	Utilities		384,500	-
Others (annual general meeting)	Printing and stationery		540,000	-

### 33. DATE OF AUTHORIZATION FOR ISSUE

The Council of the Institute authorized these financial statements for issue on August 25, 2012.

  
Secretary

  
President









**The Institute of  
Chartered Accountants  
of Pakistan**



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