



The Institute of
Chartered Accountants
of Pakistan

I n s p i r a t i o n

C h a l l e n g e

A c c o m p l i s h m e n t

P r o m i n e n c e



Signature Qualification
that Empowers to Lead



**The Institute of
Chartered Accountants
of Pakistan**

Contents

Vision and Mission	04	Other Reports	
Core Values	07	• Quality Assurance Board	54
Governance Structure	08	• Audit Committee	56
Key Highlights 2014	15	• ICAP Benevolent Fund	58
President's Review	18	• Northern Regional Committee	60
Notice of the Annual General Meeting	23	• Southern Regional Committee	62
Report of the Council	24	Financial Highlights	63
• Key Priorities	25	Independent Auditors' Report to the Members	75
• Year at a Glance		Financial Statements	77
- Students	28		
- Members	38		
- Other Activities	45		
- Operational Activities	48		
- Acknowledgement	53		





VISION

The profession of Chartered Accountants in Pakistan
is the hallmark of professional excellence,
upholding the principles of integrity,
transparency and accountability.

MISSION

To achieve excellence in professional competence and value to
business and economy, safeguard public interest,
ensure ethical practices and contribute to good
corporate governance while recognizing
the needs of globalization.





CORE VALUES

Professional 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.

Relevance

ICAP attaches highest priority to its community including members, students, firms and other 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.

Impact

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 organization's social and environmental impact on the society.

Deliver

ICAP continuously monitors, measures and assesses its operational environment and takes steps to address the challenges and avail the opportunities to maintain its role as a preeminent player in the accounting profession.

Ethical 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.

GOVERNANCE STRUCTURE

The Institute of Chartered Accountants of Pakistan (the Institute) was established as a statutory body on July 1, 1961 under the Chartered Accountants Ordinance (CAO), 1961 to regulate the profession of accountancy in the country. The Institute operates under the provisions of CAO and CA Bye-laws 1983.

The governance of the Institute vests with the Council comprising of nineteen members. Fifteen members are elected from amongst the members for a period of four years. The remaining four are nominated by the Federal Government of Pakistan. The Council has overall responsibility for monitoring the development and implementation of ICAP's strategy, planning and budgeting and the development of policy. The composition of the Council is as follows:

Composition of the Council	Nos.
Southern Region - Zone A	8
Southern Region - Zone B	1
Northern Region - Zone A	5
Northern Region - Zone B	1
Government Nominees	4
Total	19

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 / Chief Operating Officer and key management personnel.

Council of the Institute

President

Naeem Akhtar Sheikh

Vice Presidents

Rashid Ibrahim

Riaz A. Rehman Chamdia

Members

Farrukh Rehman

Hafiz Mohammad Yousaf

Hidayat Ali

Khalilullah Shaikh

M. Sharif Tabani

Mohammad Maqbool

Nadeem Yousuf Adil

Nazir Ahmad Chaudhri

Sarmad Ahmad Khan

Syed Najmul Hussain

Usman Ghani Akbani

Yacoob Suttar

Government Nominees

Mohammad Abdullah Yusuf

Tahir Mahmood

Tariq Bajwa

Dr. Waqar Masood Khan



Council of the Institute



Rashid Ibrahim
Vice President - North



Naeem Akhtar Sheikh
President



Riaz A. Rehman Chamdia
Vice President - South



Farrukh Rehman



Hafiz Mohammad Yousaf



Hidayat Ali



Khalilullah Shaikh



M. Sharif Tabani



Mohammad Maqbool

Council of the Institute



Nadeem Yousuf Adil



Nazir Ahmad Chaudhri



Sarmad Ahmad Khan



Syed Najmul Hussain



Usman Ghani Akbani



Yacoob Suttar

Government Nominees



Mohammad Abdullah Yusuf
Chairman Advisory Council, IPP



Tahir Mahmood
Chairman, SECP



Tariq Bajwa
Chairman, FBR



Dr. Waqar Masood Khan
Secretary Finance, GoP

Committees of the Institute

COMMITTEES OF THE COUNCIL

Standing Committees

- Executive Committee
- Examination Committee
- Investigation Committee

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).

The complete composition of the above Technical Committees is available at the ICAP website through the link:
<http://www.icap.org.pk/icap/committees/technical-committees/>

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

The complete composition of the above Committees is available at the ICAP website through the link:
<http://www.icap.org.pk/icap/committees/other-committees/>

Committees of the Institute

AUDIT COMMITTEE

Chairman

Ahmed Dawood Patel

Members

Aftab Ahmad Khan
Hafiz Mohammad Yousaf
Rana Ahmed Humayun
Usman Ghani Akbani

QUALITY ASSURANCE BOARD

Chairman

Mohammad Adnan Afaq

Vice Chairman

Farrukh Rehman

Members

Ali Azeem Ikram
Amer Aziz
Ayaz Ahmed
Fuad Azim Hashimi
Habib Fakhruddin
Mehmood
Mohammad Almas
Mohammad Hanif Jhakura
Mohammad Maqbool
Omer Chughtai
Syed Ahmed Abid
Syed Iftikhar Anjum

REGIONAL COMMITTEES

Northern Regional Committee

Chairman

Kamran Iqbal Butt

Honorary Secretary

Muhammad Ali Latif

Members

Asad Feroze
Rafqat Hussain
Saifullah
Sajjad Hussain Gill

Southern Regional Committee

Chairman

Muhammad Junaid Shekha

Honorary Secretary

Arslan Khalid

CPD Convener

Syed Muhammad Adnan Rizvi

Members

Abdul Rab
Mohammad Zulfikar Akhtar
Syed Asmat Ullah Shakerzai

External Auditors

Abdul Hameed Chaudhri

Chartered Accountant

Qasim Ebrahim Causer

Chartered Accountant

Bankers

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

Legal Advisors

Abbasi & Co.
Anwar Kamal Associates
Bawaney & Partners
Faisal Kamal & Arshad Hussain Advocates
Kundi & Kundi Advocates & Legal Consultants
Malik, Chaudhry, Ahmed & Siddiqi, Advocates, Barristers and Attorneys
Mansoor Ahmad Khan & Co.
Muneer A. Malik, Advocate
Pishori and Pishori, Advocates
Raja Mohammad Akram & Co.
Rana Khan & Partners

Tax Advisors

KPMG Taseer Hadi & Co

Management of the Institute



Khalid Rahman
*Secretary /
Chief Operating Officer*



Syed Masood Akhtar
*Executive Director,
Education and Examinations*



Shoaib Ahmed
*Executive Director,
Legal and Membership Affairs*



Omair Jamal
*Director,
Education Training and CPD*



Haroon Tabraze
*Director,
Technical Services*



Badia Raza
*Director,
Marketing & Communication*



Shehzad Farooq Patel
Chief Financial Officer



M. Faheemuddin Siddiqui
Head of IT



Tahera Arshad
Head of Internal Audit



Uzma Hayat
In-charge Islamabad Office



Sheikh Mohammed Fahim
Head of HR & Administration

Shahid Hussain
*Director,
Quality Assurance*

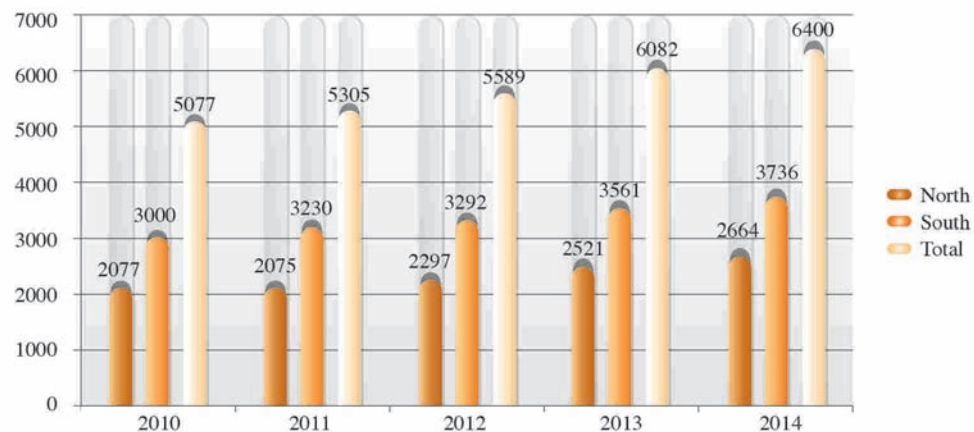
KEY HIGHLIGHTS 2014



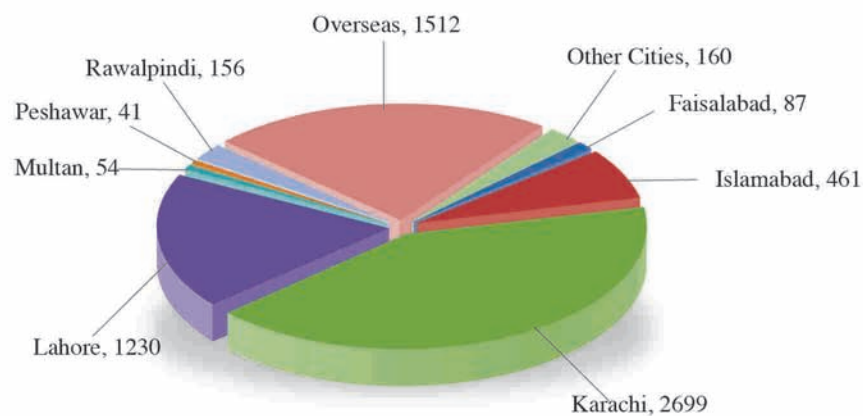
KEY HIGHLIGHTS

Our Membership

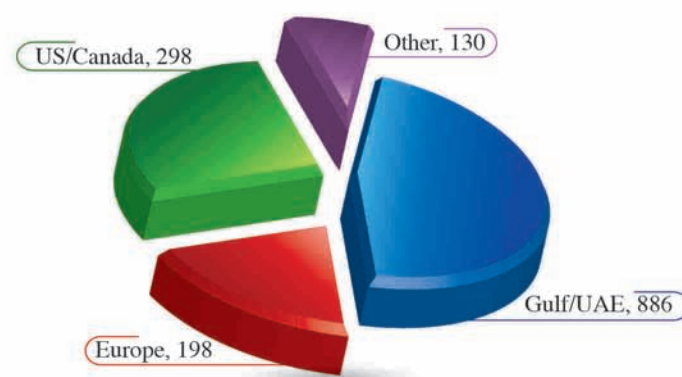
Members' Data - Region wise



Geographical Spread of Members



Overseas Members

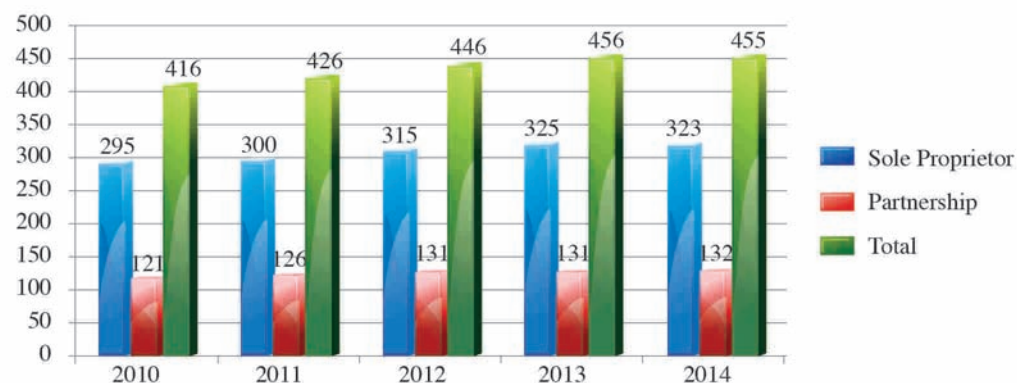


KEY HIGHLIGHTS

Job Sector Information of Members

	June 30, 2014		
	Associates	Fellows	Total
Pakistan			
Public Practice - Sole Proprietor	69	211	280
Public Practice - Partnership	60	396	456
Commerce and Industry	2374	968	3342
Financial Institutions / Banks	268	164	432
Education	58	43	101
Senior Members	8	224	232
Government	23	22	45
Total	2860	2028	4888
Outside Pakistan			
Public Practice	3	17	20
Other than Public Practice	828	620	1448
Senior Members	2	42	44
Total	833	679	1512
Grand Total	3693	2707	6400

Firms Data



PRESIDENT'S REVIEW



PRESIDENT'S REVIEW

The Institute of Chartered Accountants of Pakistan is entrusted to regulate and protect the profession of accountancy in Pakistan, and act in public interest. Taking account of this philosophy, the Institute has taken various initiatives for ensuring sustainable progression in the accountancy profession.

Strategic Priorities

The 15th Council of the Institute immediately after taking over on September 11, 2013 synthesized the strategic priorities in the light of long range risks and opportunities that could influence the performance, competitiveness and strategic outlook of the Institute. The broad strategic priorities identified include areas such as implementation of education and examination reform 2013, improving the governance within ICAP, extending ICAP's geographical coverage, enhancing public trust in audit, working with the government in public interest and building international collaborations. The President through his quarterly Communication has kept the members informed about the implementation status of strategic priorities and important decisions taken by the Council and other key developments.

Governance and Transparency

Being the regulator of the profession, it is important that ICAP sets forth a governance mechanism which is functional, robust and transparent. This year the Council has adopted its Code of Conduct that includes Conflict of Interest Policy for the members of the Council and its committees.

A task force comprising of Council members has formulated the Governance Manual of the Institute which is under consideration of the Council. The Governance Manual prescribes guidelines for the working of the Council, its Standing and Other Committees, Office Bearers and the Management of the Institute and defines their respective duties and responsibilities.

Regulatory Reforms

The amendments in the CA Ordinance 1961 have been under consideration of the previous Councils of the Institute. Certain amendments were proposed earlier, however, the same could not implement due to lengthy legislative process. During the visit of the Finance Minister to the Institute in September 2013, he had suggested that the Council should look at all provisions of the CA Ordinance 1981 to ensure that they are aligned to the developments and best practices in the accountancy profession and the governance structure of the Institute for meeting the changing demands and future challenges.

Accordingly, the Council identified this work to be one of the key priority objectives and constituted a Task Force comprising of the two Council members, three Past Presidents, two representatives from SECP, a member from the legal fraternity and the COO / Secretary of the Institute.

The Task Force has compiled its recommendations for the proposed amendments which will be considered by the Council in its next meeting. The deadline for completing this work and submitting the same for the consideration of the Government is end of this year.

Risk Management/ Assessment

It is important that the Institute has appropriate risk management systems in place to understand the risks and uncertainties and hedge appropriately against them.

To reaffirm the Institute's commitment to risk management, a formal risk management process and framework is being developed for identification, prioritization and reporting and to assign responsibility and accountability for management of risks.

PRESIDENT'S REVIEW

Advocacy and Safeguarding Public Interest

The Institute has been advocating good governance and effective public financial management with the Federal and Provincial governments to introduce reforms leading towards transparent public financial management processes. In order to build capacity within the Institute in Public Financial Management and continue to work and raise our voice in public interest for quality of financial management in Federal and Provincial governments, we intend to work in close collaboration with CIPFA (The Chartered Institute of Public Finance & Accountancy) which is considered to be the leading Institute in the world in public financial management and in this regard an MOU between both the Institutes will be signed shortly.

A conference on Public Financial Management was planned to be organised in collaboration with the World Bank in August 2014. However, due to uncertainty on the political front, the conference has now been rescheduled for October 2014.

Representation at International Forums

We are pleased to inform you that the International Federation of Accountants (IFAC) has accepted the nomination of Mr. Abdullah Yusuf, as the member of its International Public Sector Accounting Standards Board in addition Mr. Yacoob Suttar who is already nominated a member on IFAC Professional Accountants in Business (PAIB) Committee, has been appointed for another term of three years.

The IFAC nominations for 2015-17 are in process and we are hopeful that more representative of the Institute would earn the nomination to serve on IFAC Board, and its Committees.

In addition to its representation at IFAC, the Institute plays its role through its

nominees on South Asian Federation of Accountants (SAFA), Confederation of Asian and Pacific Accountants (CAPA), and Asian Oceanian Standard-Setters Group (AOSSG).

Coordination with Donor Agencies

The Institute remained continuously in touch with the donor agencies such as International Finance Corporation (IFC) and World Bank to assist in capacity building of its members especially those who are engaged with the Smaller Practices. An MOU with IFC has been signed in this regard. We are hopeful that a more meaningful relation will evolve in the future.

Reciprocal Arrangements and Mutual Recognition

We have continued our focus to widen our arrangements with international accountancy bodies especially with bodies in countries where significant number of our members resides. Our key focus would remain engaging with the Institute of Chartered Accountant of England and Wales (ICAEW), Institute of Chartered Accountants in Australia (ICAA), CPA Australia and Canadian Institute of Chartered Accountants (CICA) to recognize our qualification in full. As the institutes in Canada and Australia are in the process of merger, with other accountancy bodies the process of reciprocal arrangements is taking longer than anticipated.

We are also in the process of revisiting our MOU signed with the Institute of Chartered Accountants in England and Wales (ICAEW) in 2007. Agreeing to a roadmap for complete reciprocity is one of the key objectives of the negotiations.

Extending our Local Outreach/ Infrastructure Development

In the past decades, the profession remained focused in major cities. However, conscious efforts are planned to outreach untapped areas in four bigger provinces and in Gilgit Baltistan and the state of Azad Jammu and Kashmir. Though,

PRESIDENT'S REVIEW

Quetta remained our foremost priority for opening of office but no headway could be made due to various reasons. However, two new offices of the Institute have been opened in Sukkur and Gujranwala while an office in Mirpur (Azad Kashmir) is due to open in the next couple of months. These new offices will serve as an information /examination centres and help in reaching out to students and members of adjoining areas. We will continue to approach cities with potential in future and opening of satellite offices in other smaller cities would remain our priority in the next few years.

We are also in touch with the Federal Government and Governments of four provinces for allocation of land to the Institute to further strengthen the infrastructure and to develop state of the art centre of excellence for our members and students.

Brand Strengthening and Communication

As part of our drive to continue to benchmark ourselves and to further boost the stature and CA brand, the Institute has adopted a new slogan CA PAKISTAN to rejuvenate its identity and communicate strength, global vision and alignment with changing international trends. This change will reinforce our legacy, add zest to a very rich history and enhance the emotional attachment with the brand.

Supporting Members to Excel

To harness skills of our members to emerge as business leaders in this demanding business environment, the Institute is actively engaged with Lahore University of Management Sciences and Institute of Business Administration, Karachi to offer their EMBA to our members with reduced eligibility criteria. We are hopeful that the initiative would provide impetus to our members in excelling in their careers at much quicker pace.

Revitalizing Relationship with Industry Leaders

This year a program was initiated for engagement with the corporate leaders and a session was held in Karachi which was attended by 25 corporate leaders. It turned out to be a very useful opportunity to share the developments in CA profession and to understand the industry's expectations from the CA profession and the future CFO role. Going forward we intend to make such interactions a regular feature of our annual schedule.

Future Outlook

We honestly believe that the survival of the Institute rests with the persistent pursuit of perfection, integrity, skills and knowledge. In order to move further for remaining relevant and reliable for the stakeholders, we intend to pursue the following future plans:

- Continue our policy of working together with the regulators and the governments to increase our influence locally, and reinforce our contribution to the government's policies that are relevant to our profession advocacy at all levels to enhance public perception;
- Extending our foot prints across Pakistan to extend our outreach to all areas of the country;
- Continuously upgrade ourselves with international benchmarks with respect to education methodology, syllabus contents and assessment systems;
- To increase our influence internationally by creating global alliances, active participation in various global forums to emerge as a body with global impact and recognition;

PRESIDENT'S REVIEW

- Promote research in the fields of finance and accounts by creating enabling environment to foster creativity, innovation and gain knowledge of new developments;
- Continue our policy of strengthening the human resource and embrace technology at all level to make ICAP an effective, efficient and transparent organisation; and
- Continue improving the quality of our membership and work with them for delivery of sustained quality services so as to enhance the image and trust in ICAP as regulator of accounting profession.

Our strategic plan continues to focus on delivery of our key strategic initiatives which are more fully described in the Report of the Council.

Acknowledgements

We would like to extend our enormous thanks to the members for their support, all the volunteers who have dedicated their time and energies on working with Committees/Board, the two Vice Presidents for their untiring assistance in

getting all this done. We would also like to extend our sincere appreciation to the Council for their informed debate, collective wisdom and support during the year. The acknowledgement will be incomplete if we don't mention the management and staff of the Institute for their untiring efforts and devoted support. We on our own behalf and on behalf of the Council place on record our appreciation for their services to the Institute.

We wish and pray for a very successful and prosperous future for the Institute, its members and the staff and look forward to approach further accomplishments which remained hall mark of this esteemed body in the past.

Naeem Akhtar Sheikh
President

NOTICE OF THE ANNUAL GENERAL MEETING

The 53rd Annual General Meeting of the Institute of Chartered Accountants of Pakistan will be held on September 11, 2014 at 7:00 p.m. at ICAP House, Karachi.

AGENDA

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

Ordinary Business

1. Confirmation of the minutes of the 52nd 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, 2014.
3. Appointment of auditors for the year ending June 30, 2015 and fixation of their remuneration. The present auditors, Abdul Hameed Chaudhri and Qasim Ebrahim Causer, being eligible, have offered themselves for re-appointment.
4. Any other business with the permission of the Chair.

Khalid Rahman
Secretary / Chief Operating Officer

Karachi, August 25, 2014

REPORT OF THE COUNCIL

The Council of the Institute of Chartered Accountants of Pakistan is pleased to present its Annual Report for the year 2014.

Your Council stepped into new term in September 2013. As the first principle decision, the Council moved to define the Institutes' four year strategic plan and objectives. The Institute's key strategic objectives are based on areas of focus which are essential in ensuring the long term sustainability of the Institute and the CA profession in Pakistan. During the year, the Council discussed and prioritized the activities to cater for the needs of the profession keeping in view the strategic plan and objectives.

Strategic Focus

The following strategic objectives were agreed by the Council:

Internal

- Modernizing the education and examination system in line with the requirements of the profession
- Reforming the investigation procedures to make them more effective and efficient
- Broadening the scope of QCR and making it more effective
- Refining the governance structure
- Strengthening Small and Medium Sized Practices
- Promoting the ICAP's brand
- Addressing the needs of the Professional Accountants in Business (PAIBs)
- Driving innovation through technology
- Enabling women to transcend the barriers.

External

- Greater international recognition of our qualification
- Building alliances with other regulatory bodies
- Enhancing reciprocal arrangements with leading foreign professional accounting bodies

The Institute is strongly committed to the continuous improvement of its students, enhancing professional learning of its members and generating associations with the regulators and other relevant stakeholders for the evolution of the profession.

The key priorities to achieve the strategic objectives are enumerated below.

Key Priorities

	Goals	Action Plan
Education, Training and Examination	<ul style="list-style-type: none"> • Greater international and local recognition • Modernizing the Education system in line with the requirements of the profession. • Improved education facilities • Improved training environment • Building confidence in our Examination System 	<ul style="list-style-type: none"> • New Education Scheme aligned with IFACs International Accounting Education Boards benchmarks. • Engagement with renowned international institutes for greater collaboration and mutual recognition. • New syllabus of CAF, CFAP and MSA stages are linked with learning outcomes • Train the trainer program is under discussion. • Study Packs for AFC and CAF have been developed; The Study Packs for CFAP and MSA will be developed in next phase in the next couple of years. The Study Packs will be regularly updated. • Specified Degree Awarding status has been introduced and initially granted to two top universities. • A new system of RAET evaluation based on KPI Concept will be introduced • Multi Subject Assessments have been introduced and would become applicable from 2017. • Computer based examination have been introduced at AFC stage. A review of Training Regulations has been conducted and the revised Training Regulations is in the process of approval of the Council. • Student Feed Back Scheme has been introduced initially for final level students.
Licensing Regime	<ul style="list-style-type: none"> • Building public trust in the work performed by the practicing members 	<ul style="list-style-type: none"> • A task force on practice license regime is working to align it with best practices prevalent in this area.
Investigation	<ul style="list-style-type: none"> • Making Investigation process more independent and transparent. • Reducing the cases of misconduct and time lag in processing of investigation cases 	<ul style="list-style-type: none"> • Amendments in the CA Ordinance are under discussion with focus on enhancing the efficiency and effectiveness of the investigation mechanism. • A change in the CA Bye-laws relating to composition of the Investigation Committee is in process to induct more independent members on the Committee in order to enhance transparency. • Enhancing the frequency of investigation committee meetings to speed up the process of disposal/conclusion of the cases.

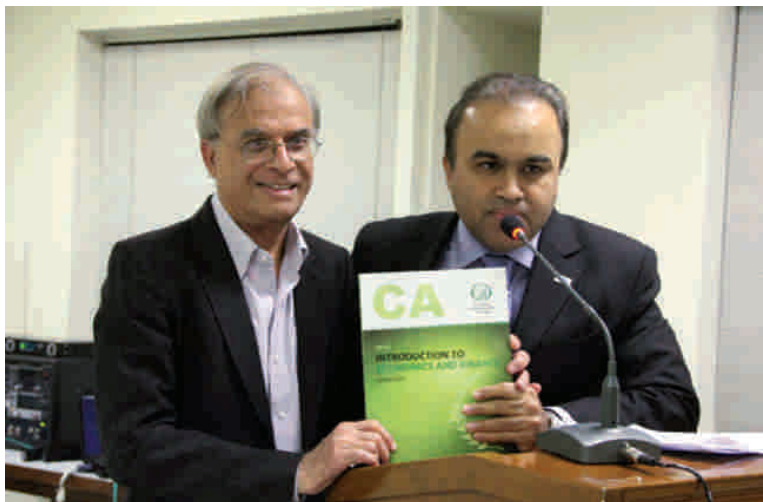
Key Priorities

	Goals	Action Plan
Quality Control Review (QCR)	<ul style="list-style-type: none"> Broadening the scope of QCR and making it more effective and transparent 	<ul style="list-style-type: none"> Amendments in the CA Ordinance are under discussion with focus on effectiveness and transparency of the entire quality control program. Revision of QCR framework is underway with an objective to remove impediments and to enhance effectiveness and efficiency of existing QCR Program.
Good Governance	<ul style="list-style-type: none"> Promote ethics and integrity at all levels to facilitate independent and unbiased decision making 	<ul style="list-style-type: none"> Governance Manual is presented to the Council for its deliberation and approval. Code of Conduct and Conflict of interest policy for members of the Council and its Committees/Board has been formulated and implemented. Whistle blowing policy and code of conduct for employees has been formulated and implemented.
International Recognition and Global Outreach	<ul style="list-style-type: none"> Pursue international recognitions through mutual recognition agreements Broaden activities outside Pakistan Create alliances with internationally acknowledged organizations 	<ul style="list-style-type: none"> Active engagement with ICAA, CPA Australia, ICAEW and CICA for mutual reciprocity arrangements. Support to overseas chapters in organizing activities. Adding more overseas chapters depending upon number of members. Collaboration with CIPFA for capacity building in the area of public financial management. Active participation at the Global forums like IFAC, SAFA, CAPA and AOSSG.
Local Outreach	<ul style="list-style-type: none"> Extending outreach to students throughout Pakistan Providing opportunity to all talented students 	<ul style="list-style-type: none"> Extending office network to all major cities of each province. Participating in education expos and student fairs. Networking with principals and student councillors of leading schools and colleges . Series of Open house counselling and orientation sessions throughout the country. CA Talent Hunt Program has been initiated. Seeking scholarships from public and private sector to ensure that meritorious students are absorbed in the folds of profession.

Key Priorities

	Goals	Action Plan
Service to members and students	<ul style="list-style-type: none"> • Building an image of service oriented organization • Value creation for membership through improved employability 	<ul style="list-style-type: none"> • Ensuring effectiveness of the task management system for prompt response to queries of members and students. • Meeting with HR Heads of leading organizations for better placements, soft skill workshops for freshly qualified members, Circulation of CV to corporate sector in demand and Corporate mentorship program. • EMBA through LUMS and IBA to enhance the skills of the members in the areas of strategic planning and leadership.
Strengthening Small And Medium Sized Practices	<ul style="list-style-type: none"> • Building capacity of SMPs • Creating opportunities for SMPs 	<ul style="list-style-type: none"> • Specific purpose programs to enhance capacity of SMPs to deliver. • Pursuing SECP for introducing stock brokers inspections through SMPs. • Pursuing SBP to introduce Corporate Governance evaluation of borrowers. • Development of E-audit software for SMPs. • Train the Trainer Program for SMPs for evaluating and advising effective Corporate Governance practices in SMEs.
Driving Innovation Through Technology	<ul style="list-style-type: none"> • Efficiency through technology • Innovative solutions 	<ul style="list-style-type: none"> • Integration with IFAC Global Knowledge Gateway. • Social media presence on Facebook, Twitter, LinkedIn. • Providing online solutions to members, students and other stakeholders through online submission of Examination Forms, Availability of CPD Videos on web, VC along with Fiber Optic connectivity for Multan and Faisalabad. • Participation in international meetings through VC/web-portal .
Enabling Women To Transcend The Barriers	<ul style="list-style-type: none"> • Building capacity of women chartered accountants • Creating opportunities for women chartered accountants 	<ul style="list-style-type: none"> • Series of leadership programs focussed on women and leadership through CAWF. • Encouraging Chartered Accountant Women Forum (CAWF) to act as a platform for experience sharing. • Encouraging new comers to raise issues significant to females and work towards innovative solutions.
Future Growth	<ul style="list-style-type: none"> • Business Plan to deliver strategic priorities 	<ul style="list-style-type: none"> • Review of business opportunities, building up of endowment funds to ensure that adequate funds are available for accomplishment of the programs.

Year at a Glance - Students



Education Reforms

Education and training of students has been one of the prime endeavors of the Institute. The revised Education Scheme launched in May, 2013 is the outcome of extensive deliberation at different levels: the Council, Education and Training Committee, task forces, round tables with stakeholders and consultations with international experts. The reforms aim to bring qualitative changes in line with international best practices.

The salient features of the Education reforms are:

Revised Qualification Structure

The current modular structure (A to F) has been transformed into a package of mid-tier and final qualifications, as follows:

- Assessment of Fundamental Competencies (AFC)
- Certificate in Accounting and Finance (CAF)
- Certified Finance and Accounting Professional (CFAP)
- Multi subject Assessments (MSA)

Use of Corresponding designations

Completing CAF and CFAP respectively would enable the successful student to use the corresponding designations. These certifications would enable greater marketability of students at different tiers of examination status.

Revised Syllabus

Students are always a high priority for the Institute. Keeping the education with the emerging imperatives and global best practices, the syllabus has been thoroughly reviewed and revised in consultation with all the stakeholders. The syllabus contents are now explained in detail and the desired competency level has been identified for each topic.



Year at a Glance - Students

Multi Subject Assessment

To make our assessment methodology compatible with leading professional bodies, multi-subject assessments have been introduced at the final stage. There will be two separate assessments to test competence of the candidates in the following roles:

- Financial Reporting Professional
- Audit Professional

Learning Material

The Institute has recently introduced its official learning material (Study Packs) along with the new scheme providing comprehensive guidance for the students. These study packs are being developed in alignment with the learning outcomes expected from the students, and would form the basis for the examination papers. The Institute plans to develop in-house resources to ensure timely updation of study material.

Transition

The Institute successfully took up the transition to the new scheme which was very well received by the students. Equivalencies have been established and appropriate transition period has been allowed to existing students.

Graduate Entry Scheme

To encourage graduates entry into the profession a scheme of Specified Degree Awarding Institute (SDAI) was introduced which will produce exemption to students from all papers of Certificate in Accounting and Finance (CAF) stage. The Institute has awarded status of SDAI to the Institute of Business Administration (IBA) and the Lahore University of Management Sciences (LUMS).

The Institute has been in discussion with other universities for evaluating exemptions to their graduates based on proper mapping and assessment of the syllabus and examination system. MOU with National University of Sciences and Technology (NUST) and Institute of Business Management (IOBM) will be executed shortly.

Training Regulation

The new training regulations duly recommended by the Education and Training Committee were considered by the Council and will be issued for stakeholders comments shortly. The Training Regulations are designed to ensure that the trainees get exposed to a variety of professional activities, circumstances and business environments.

Industrial Training

The Council has accepted the recommendation of a special task force which was constituted to consider Industrial training. The program will run as a pilot project in a few selected organisations.

Education Delivery

Our Registered Accounting Education Tutors (RAETs) are efficiently promoting the CA education and their role is very important and critical in the success of the Institute. Education and Training Committee held a number of consultative sessions with RAETs and obtained valuable inputs before finalizing the reforms related to education delivery system. The reformed education scheme would integrate the RAETs within the overall education system as an essential component.

The Institute believes in keeping all the options open for the students. Therefore, along with RAETs and SDAIs the option to self-study would continue.

Year at a Glance - Students

Examinations

The Chartered Accountants examinations were conducted smoothly during the year and 36,728 students appeared in various examinations as compared to 37,311 students in the 2012-13.

During the year 3,828 new students were registered as compared to 3,667 in previous year.

The Institute announced a Student Feedback Scheme to enable the final level students to improve their abilities to respond to the questions in examinations in a more focused and effective manner and achieve

passing grades. The scheme is applicable from Summer 2014 examinations. Under the scheme, specific areas of deficiencies and shortcomings in the relevant paper would be communicated to the students in writing through a Memorandum of Findings. The details of the scheme are available on the Institute's website.

Gold Medals and Merit Certificates

Gold Medals and Merit Certificates were awarded by the Institute to the following students.



Year at a Glance - Students

Gold Medals

Final Examination

Summer 2013



ICAP - Irtiza Husain Gold Medal
Corporate Laws

Adeel ur Rehman



ICAP - JP Patel Memorial Gold Medal
Management Accounting

Waqas Ahmad

Summer 2014

Marium Mohammed Farooq
ICAP - S A Salam Memorial Gold Medal
Business Management

Intermediate Examination

Autumn 2013



ICAP Gold Medal
(Ameena Khatib Foundation)
Financial Accounting

Muhammad Saad



ICAP Gold Medal
(Ameena Khatib Foundation)
Financial Accounting

Shazim

Spring 2014

ICAP Kasbati Memorial
Gold Medal
Module 'C' and 'D'

Year at a Glance - Students

Merit Certificates

Autumn 2013

Faryal Khan
Functional English

Syed Iftikhar Ahmed
Quantitative Methods

Ahsan Ali
Introduction to Economics and Finance

Muhammad Rizwan Farooq
Introduction to Financial Accounting

Prem Kumar
Mercantile Law

Muhammad Saad
Financial Accounting
Taxation

Salima Mohammad Ali
Business Communication and Behavioural Studies

Junaid Basharat Hashmi
Company Law

Murtaza Quaid
Auditing

Hanzala
Cost Accounting

Junaid Basharat Hashmi
Information Technology

Spring 2014

Muhammad Mohsin Khan
Functional English

Syed Mohammad Shaheer-ul-Haque
Quantitative Methods

Muzzamil Waheed
Introduction to Economics and Finance

Ramsha Khan
Introduction to Financial Accounting

Muzzamil Waheed
Mercantile Law

Shazim
Financial Accounting

Sultan Ahmad
Taxation

Sidra Mumtaz
Business Communication and Behavioural Studies

Muhammad Shahzaib Salman
Company Law

Muhammad Saad
Auditing
Information Technology

Salman Zubair Mufti
Cost Accounting

Year at a Glance - Students

Student Activities

The interaction between the Institute and students has been cemented further with the engagement in professional and skills development activities. Some of these activities are described below.

Presentation Skills Competition

Presentation Skills Competition for trainee students at Islamabad, Karachi and Lahore was arranged in October 23, 2013.

The topics of the competition were:

- My view on ICAP New Education Scheme
- If I were the Finance Minister of Pakistan

In Karachi, Muhammad Umair won the first position, while Muhammad Zeeshan Gilani and Marium Farooq stood second and third respectively.

In Lahore, Mariam Saeed, Tilmiz Ansari and Sibra Akhtar were the winners of first, second and third positions respectively. In Islamabad, Hamida Shams, Saad Bin Asim Zubairi and Faizan Bin Nisar were the winners of first, second and third positions respectively. All the participants were received Certificate of Appreciation from the Institute.



Year at a Glance - Students

ICAP Photography Competition



Photography Competition for Intermediate/A-Level and CA students at Islamabad, Karachi and Lahore was arranged in September 30, 2013. The theme was CELEBRATIONS. In Karachi, Moez Raza Shaikh won the first position, Ghasharib Shaukat and Ahmed Masood stood second and third respectively. In Lahore, Fraz Inam, Sair Naseeb and Faisal were the winners of first, second and third positions respectively. In Islamabad, Hajra Mehmood from Rawalpindi, Palwasha Marwat and Hamza Ali Khan from Rawalpindi were the winners of first, second and third positions respectively.

Debate Competition

Annual Inter RAET Debate competition 2014 for RAETs at Islamabad, Karachi and Lahore was arranged in January 29, 2014. The topic was **Chase Your Passion, Not Your Pension.** In Karachi, Maira Arshad and Samrah Tariq bagged the first position, the second position was secured by Mirza Saad Baig and Zehra Ilyas stood third. In Lahore, Usama Mehmood, won 1st position, Ahsan Amin won the 2nd position and the 3rd position was secured by Khurram Abaid Shah. In Islamabad 1st position was secured by Ashab Naseem Janjua whereas, Jamal Ahmed Khan and Muhammad Ali Abbasi stood at second and third positions respectively.



Islamabad



Karachi



Lahore

Year at a Glance - Students

Student Exchange Program

Under the SAFA Students Exchange Program the members of SAARC countries, India, Pakistan and Sri-Lanka organized the following conferences during July 2013 to April 2014.

India

International Conference for CA Students held on September 14 and 15, 2013 in Kolkata (India) arranged by Board of Studies of the Institute of Chartered Accountants of India (ICAI). The theme of the Conference was “Accounting Professional - Ace, Astute & Adaptable”. Five students of Final level were delegated to the Conference to represent Pakistan. The delegates participated in various sessions during the Conference. One of them presented a paper at the Technical Session.

Pakistan



CA-Students' Conference held on December 17, 2013 at PC Hotel, Karachi. The Conference was arranged by the Chartered Accountants Students' Association (CASA) in collaboration with the Southern Regional Committee (SRC) of the Institute of Chartered Accountants

of Pakistan (ICAP). The Conference theme was “I am more than a number”. The Chief Guest of the Conference was Dr. Ishrat Hussain, Dean & Director Institute of Business Administration (IBA). The Conference was also attended by Six Sri-Lankan students.

Sri Lanka

The 28th National CA Students' Conference Organized by Students' Society of the Institute of Chartered Accountants of Sri Lanka held on April 2, 2014 at Galadari Hotel, Colombo. The theme of the Conference was “Un-reasonability - the fight against mediocrity”. Six students of ICAP were delegated to the Conference to represent Pakistan. The delegates participated in various sessions during the Conference. Two of them attended the panel discussion session as well. The students presented their ideas and shared the knowledge regarding forthcoming opportunities and challenges for CA students in the rapidly changing scenarios of the corporate world.

CASA Elections

Chartered Accountants Students Association (CASA) management committee elections South and North 2014 were held on March 10 and May 17, 2014 respectively. The votes were casted through e-balloting. The successful candidates of CASA (South) were Muhammad Kashif, Syed Affan Zafar, Khyzar Danish and Madiha Rasool Khatti and CASA (North) were Asad Ali Shah and Muhammad Furqan Atique from Zone-A and Muhammad Safeer Ullah from Zone-B respectively.

Enticing the Potential Students - Building the Future

The Institute has launched vigorous branding and awareness campaigns to enhance public perception of the profession and professionals affiliated to it. Some of the year's highlights are:

Year at a Glance - Students

CA Talent Program

The Institute has taken a much-required step of implementing CA Talent Program fulfilling its responsibility towards the underprivileged of the nation. This program is especially designed for the students from small districts, villages, and cities throughout Pakistan who otherwise cannot afford the cost of the CA program. Applications from the top 20 position holders of every board were considered and out of those brilliant students 12 were selected for the program. Under the program the students will be provided full scholarship as well as boarding and lodging allowance.

Education Expos and Career Fairs

The Institute participated in prestigious career fairs and education expos to meet with young aspirants and to introduce them to CA as a career choice. The Institute participated in Seminars & Exhibition at 3rd ACTEPR Education Fair 2013, Lahore and Dawn, NEWS and Express Education Expos 2014 at Karachi, Lahore & Islamabad. Institute also participated in career fairs at various schools and colleges including Learning Alliance, Lahore; International School of Choueifat, Lahore; Beacon house Gulberg, Lahore; Agha Khan Education Foundation, Lahore; Beacon House School systems Gujranwala; Generation's School, Karachi; The Citizens Foundation, Karachi; Bahria College Karachi and City School Education Fete 2014, Karachi. 4725 students were counseled from various academic backgrounds through these education expos and career fairs.



Career Counseling

Career counseling sessions were conducted across the distant locations of the country to create awareness among the potential students about the New Education Scheme 2013. 169 counseling sessions were conducted through which 26527 students were counseled all over the country including Sukkur, Gilgit, Baltistan, Hunza, and Quetta.



Year at a Glance - Students

Open House Sessions

Open House Sessions were organized in Karachi, Lahore, Islamabad, Multan, Faisalabad and Peshawar and attracted more than 3800 students. Two representatives from each RAET were present to give information about fees, session details and facilities available at their respective institutions. Young CAs were also invited to these sessions to further motivate the youth by sharing their experiences.

Orientation Session

Orientation sessions for new students were organized at Karachi, Lahore, Islamabad, Faisalabad, Multan and Peshawar during October 2013 to April 2014. Merit Certificate holders were also invited to share their experiences with the audience.

Student Facilitation

The Institute is committed to provide high quality education to all of its students in the most convenient way. In this regard the following steps were taken.

Students' Endowment Fund

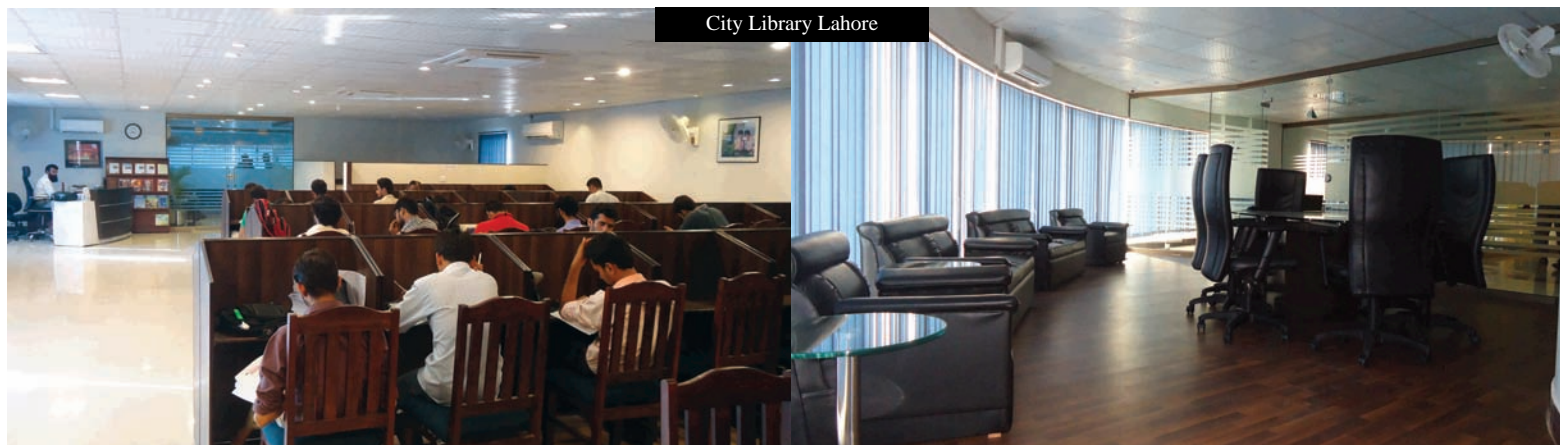
As part of our endeavours towards financial assistance to deserving students of the Institute under Students' Endowment Fund, 1154 students supported through the fund since its inception in 2007, 6 have qualified as chartered accountants, 182 have passed the Intermediate examinations and 291 have completed the Foundation stage.

Punjab Educational Endowment Fund

The Institute has arranged scholarships to our more talented students under the Punjab Educational Endowment Fund (PEEF) for pursuing quality education. Under the arrangement 15 students will be offered assistance during a period of five years.

City Library Lahore

To nurture young talent and provide conducive environment for learning to students and members, city library Lahore was inaugurated on July 1, 2014. The City Library is located at a convenient location of Staples Plaza Lahore.



Year at a Glance - Members

Membership

The strength of membership has been increasing constantly, leading the Institute to greater eminence and stature. As on June 30, 2014 the membership stood at 6400 out of which 1512 members were overseas which account for 23 percent of the total membership. During the year 2013-14, 388 new members were admitted to the Institute and membership of 106 was restored, resulting in an increase of 494 members. While the names of 149 members were removed from the register of members, under Section 19 of the Chartered Accountants Ordinance, 1961.

Service to Members

In order to facilitate the professional development of the members the following efforts were made.

Director's Training Program

The Institute launched Director's Training Program in January 2013 in accordance with the Code of Corporate Governance 2012. During the year, five new programs were conducted across the country. Two of the programs were held in Karachi and one each in Lahore, Islamabad and Faisalabad. It was for the first time that the Directors Training Program was conducted in the textile capital of Pakistan i.e.



Faisalabad, which was appreciated by both the business fraternity as well as by the Securities Exchange and Commission in Pakistan (SECP). ICAP's programs are perceived as symbolic of professional excellence, which is the reason that during the year 116 professionals choose to get their Directors Certification from ICAP. To date now ICAP has 182 professionals certified under its program. The Institute is also planning to introduce special certificate programs pertaining to the Public Sector Governance and the corporates in the coming year.

Professional Accountants in Business

The Institute has been constantly trying to update the professional knowledge base of its members and created platforms for them for their development through its PAIB Committee.

The PAIB Committee helps in creating our professional presence and consolidating our standing at the international front. The PAIB Committee focuses on facilitating the exchange of knowledge and best practices amongst the wide range of stakeholders and is following the methodology for engagement of members and sharing of information in line with the IFAC's PAIB Committee, where Mr. Yacoob Suttar is a member and chairs the ICAP PAIB Committee.



Year at a Glance - Members

CFO Conference

The annual CFO Conferences of the Institute of Chartered Accountants of Pakistan (ICAP) were held in Karachi and Lahore on March 11 and 13, 2014. The conference was themed as 'From Conformance to Leadership - The Changing Role of the CFO'.



The delegates and the audience got the opportunity to listen to Ms. Susanna Chiu from IFAC. She shared her views on 'The Role and Expectations of a CFO'.

The conference included unique sessions such as Creating Value through capital restructuring, Business Turnarounds, Beyond ROI-Value vs. Profit, Integrating Reporting and Appropriate Audit Fee etc.'



Professional Excellence Awards

The Fourth Professional Excellence Awards were given at the CFO Conference in Karachi. The first position was awarded to Pioneer Cement Limited, for the CREI "Cost Reduction and Efficiency Improvement", while K. Electric Limited secured second position for "Segregated Load Shed Plan". The National Clearing Company was declared as the Third Award Winner on "Revamping of the Capital Gain Tax Regime". A Special Recognition was given to Pakistan Institute of Fashion and Design for "Implementation of ERP". The Winners of this year's Awards were selected by an independent three member Jury comprising of Mr. Zafar Iqbal Sobani, Mr. Feroze J. Cawasji and Mr. Ayaz Ahmed.

Toastmasters Club

Today's corporate environment demands impeccable communication, presentation and leadership skills from the employees in addition to their core strengths. CA Toastmasters Club Lahore held fortnightly meetings in Lahore during the year. The newly formed Karachi CA Toastmasters Club held its first meeting on June 17, 2014 in which 24 members participated. The Institute has plans to increase the number of such clubs in order to provide opportunity to more members.

Year at a Glance - Members

Continuous Professional Development (CPD)

The Institute's CPD program is dedicated to providing the highest quality of professional development opportunities to meet the constantly evolving CPD needs of our membership.

In this regard, the President ICAP constituted a joint committee with representation from the regional and central CPD committee to devise a consolidated approach to provide better services to members leading to improved performance and enhanced service delivery. The Committee has formulated a policy paper which has been approved by the Council. The paper incorporates a coordinated and cohesive calendar of the relevant topics for professional development activities. With this initiative, all the relevant committees will be working in coordination and in sync which will enable the members to derive maximum benefit from the institute's activities.

During the year 71 programs were conducted through the regional committees and the Overseas Chapters. The details are as follows:

- Southern Regional Committee 19 Programs
- Northern Regional Committee 37 Programs
- Kingdom of Saudi Arabia Chapter 10 Programs
- Canada Chapter 02 Programs
- UAE Chapter 02 Programs
- UK Chapter 01 Program

During the year, the top CPD Earners were as follows:

Name	City	Hours
Muhammad Nasir, ACA (R # 6908)	Lahore	(842 Hrs)
Abdul Rahim Suriya, FCA (R # 1531)	Karachi	(576 Hrs)
Altaf Noor Ali, ACA (R # 2208)	Karachi	(317 Hrs)
Syed Imtiaz Abbas Hussain, FCA (R # 1676)	Karachi	(288 Hrs)
Muhammad Masood, FCA (R # 2283)	Lahore	(269 Hrs)

Finance Minister Visit to the Institute



Mr. Mohammad Ishaq Dar, FCA, the Federal Minister for Finance, Revenue, Economic Affairs, Statistics & Privatization of Pakistan, visited the Institute of Chartered Accountants of Pakistan (ICAP) on September 11, 2013 to meet the incoming and outgoing Council members of the Institute. The Minister highlighted the consistent role that ICAP has been playing for the development of the profession since its inception. He emphasized for the implementation of good governance with focus on transparency for public interest, increased collaborative measures between the Institute and the government and urged active involvement of Chartered Accountants in the public sector so that more effective and transparent system for providing relief and facilitating the public can be put in place.

Strengthening Bond with the Local Governments

In order to extend its outreach in areas of the country where ICAP is not represented, the Institute's delegation met with Prime Minister Azad Jammu & Kashmir and Chief Minister Sindh. Full support was assured to ICAP in its endeavours for expanding its operations in untapped areas and promised to provide support to the National Talent Program.

Year at a Glance - Members

Amendment in the Code of Corporate Governance regarding qualification of the CFO/ Head of Internal Audit

The Institute had suggested to the SECP amendments to the provisions of the Code of Corporate Governance (2012). SECP has acceded to the request for relaxing the provisions relating to qualification of CFO and Head of Internal Audit and has approved amendments in the Code of Corporate Governance (2012) with the direction to the Stock Exchanges to arrange for publication of the amendments in the Listing Regulations in the official gazette. The experience requirement for appointment as a CFO has now been reduced to three years inclusive of the period where the person is engaged in or employed in a public practice (audit or accounting) firm. Similarly, a three year experience in audit, finance or compliance function is required for appointment as Head of Internal Audit of a listed company.

Appellate Tribunals Inland Revenue (ATIR)

The Institute is continuously following up with the Federal Government to ensure implementation of legislative changes by notifying names of Chartered Accountants at Appellate Tribunals Inland Revenue (ATIR) since the recommendation regarding appointment of Chartered Accountants at ATIR was included in the Finance Act, 2013. We are confident that presence of Chartered Accountants would provide much needed expertise to the ATIR due to their unmatched professional competence.

Overseas Chapters

The Overseas Chapters promote the voice of overseas members and facilitate in pursuing professional opportunities by providing a platform to the members to interact with each other and the Institute. The Institute has overseas chapters in Canada, Kingdom of Saudi Arabia (KSA), United Arab Emirates and United Kingdom. These chapters represent over 1500 members residing overseas.

The Institute is considering possibilities of establishing chapters in other regions where the ICAP members are in considerable number and in this regard a change has also been made in the Guidelines for Overseas Chapter of ICAP Members under which minimum required



number of members to create a new overseas chapter has been reduced from 100 to 50 by the Council. This would help establishing new chapters in other regions/countries.

KSA Chapter and Saudi Organization for Certified Public Accountants (SOCPA) organized 3rd Saudi-Pak Symposium on May 15, 2014 at Riyadh on the theme Financial Leadership - The Way Forward. This was attended by the President Mr. Naeem Akhtar Sheikh and the Chairman Overseas Coordination Committee Mr. Hidayat Ali.

During the year elections for Management Committees of the Canada, KSA and UK Chapters were also held.

Publications

The Institute during the year persistently dedicated itself towards quality communications with the support of the Publications Committee which is relentlessly involved in producing idiosyncratic services so that a sweeping and translucent communication is retained between the Institute and its members and students associated with it.

Publication Committee is working towards implementing a strict policy on plagiarism, which will be applicable to all authors of the Pakistan Accountant. An effective policy on plagiarism would help bring out more sincere professional volumes of the Pakistan Accountant for the readers.

Year at a Glance - Members

Publication department has continuously updating the archival section of the Newsletter on its website and also provides creative and editorial support for special events such as CFO Conferences and Students' Events like publishing the conference brochure, Scheme Booklet and other content assistance activities.

Small and Medium Practices (SMPs)

Enhancement and empowerment of SMPs is at the core of the Institute's inclusive growth agenda for the year. During 2013-14, Small and Medium Practices Committee held meetings to discuss matters relating to the SMPs and sent their recommendations to the Council.

The Institute entered into an agreement with International Finance Corporation ("IFC") to provide Corporate Governance training program to SMPs in order to build their capacity to provide CG services to their clients.

Selected Opinions

Selected Opinions Volume XIX containing guidance issued to members during the period July 2013 to June 2014 has been uploaded on the Institute's website. The opinions include matters such as:

1. Auditors' Report on Going Concern Assumption
2. Implication over Change of Name in the Audited Financial Statement
3. Incorporation of the Adverse Impact of Decision of Lahore High Court in the Financial Statements
4. Waiver For Financial Covenants
5. Advance against ordinary shares or share deposit money to be converted into Ordinary Paid-Up Share Capital
6. Clarification on application of ISA 600 'Special Considerations - Audits Of Group Financial Statements (including the work of component auditors) (Clarified ISA 600)
7. Deferred Taxation Rate
8. Technical opinion on IAS 39
9. Auditor's QCR Status in case of Co-Audit
10. Clarification on ICAP's opinion on accounting for De-Mutualization of stock exchanges

11. Valuation of capital work in progress
12. Removal of auditors before completion of their term and acceptance of appointment by the proposed auditors
13. Opinion regarding Biological Asset under IAS 41
14. Query regarding professional clearance letter
15. Opinion regarding consolidation of financial statements
16. Guidance for treatment of membership card of stock exchange brokers
17. Appointment of QCR rated auditor for Stock Brokers
18. Exemption from the requirement of preparing consolidated financial statements
19. Deferred tax reversal
20. Deferred Tax
21. Advice on audit report
22. Change in inventory cost formula
23. Deferred Tax under section 113 of Income Tax Ordinance 2011.
24. Technical opinion relating to subsequent sale of an entity and all its assets after reporting date
25. Policy for Revenue recognition
26. Appointment of consultant for internal audit assignments
27. Appointment of external auditors for FATCA Implementation
28. Application of liability accounting in respect of foreign currency convertible loans

Placement of New Qualified CAs

To facilitate placements of young CAs, the Institute is working closely with the industry and the corporate sector. The following placement initiatives were taken in 2013-2014.

1. Seminar and Job Fair

A job fair for freshly qualified Chartered Accountants was arranged at ICAP Karachi. Eminent speakers from Aga Khan University and Siemens (Pakistan) were invited to address the young CAs. Six companies (Prime HR, The Recruiters, Meezan Bank Ltd, Hasnain Tanweer Associates, Mehran Sugar Mills and AJM Pharma) participated in the job fair. Companies collected resumes and done on the spot screening.

Year at a Glance - Members

2. Unilever Future Leaders' Program (UFLP)

UFLP orientation seminars were organized for the freshly Qualified Chartered Accountants and trainee students to apply for Unilever Future Leaders' Program (UFLP) at Karachi, Lahore and Islamabad on March 2, 9 and 13, 2014 respectively. Around 300 students attended the seminar at all the three centers.

3. Job Portal

An exclusive portal has been rejuvenated as the job portal in January 2014 providing local and international job alerts to the members. The core purpose of this job portal is to identify opportunities for our talented professionals and also support the corporate sector to find suitable employees. A CD containing the CVs of freshly qualified CAs of Summer 2013 and Winter 2013 along with a cover letter from ICAP was dispatched to 125 leading MNCs, SMEs and top listed organizations in Pakistan to improve placements of our professionals and to network with the industry.

Soft Skills Workshop

A Soft Skills Workshop was arranged for freshly qualified Chartered Accountants on September 13 - 14, 2013 at Karachi and on February 22 - 23, 2014 at Lahore. The workshop was designed to give young members some tips about interviewing techniques, corporate etiquette

and presentation skills. The idea was to bridge the gap between the requirements of corporate sector and soft skills of our young members. The workshops included practical sessions on delivering presentations, interviewing, resume writing skills, grooming & social effectiveness and career success tips.

Digital Library

To facilitate members in continuously updating themselves with recent knowledge and trends, a project for digitization of libraries was launched. Working committees in collaboration with SRC and NRC and Institute's management were formed to facilitate and support the work of Regional Committees for digitization.

Discount / Privileges for Members, Students and Staff

To serve members, students and staff the Institute has arranged privileges/discounts with different brands and service providers. The facilities can be accessed through ICAP website at <http://www.icap.org.pk/members/discounts-mou/>

ICAP Website

The website of the Institute was revamped to make it more compatible, interactive and user friendly.



Year at a Glance - Members

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:

S. No.	Name of Member	Reg No.
1.	Hyder Ali Bhimji	0056
2.	Riaz Ahmad	0069
3.	Abdul Karim Mohammed Aslam Murtaza	0097
4.	Yunus Haji Isa Dada	0246
5.	Mozer Abid Shakir	0271
6.	Mohammed Abu Muzaffar Hasan Hydrie	0301
7.	Haroon Sharif Gogan	0311
8.	Mohammad Abdul Qadir	0334
9.	Prof. Dr. Khawaja Amjad Saeed	0344
10.	Syed Matin Akhtar	0354
11.	Zoaib Akbar Ali Quettawala	0416
12.	Abdullah Bhai T. Dhanerawala	0456
13.	Mohammad Iqbal Kasim Rabadia	0797
14.	Khan Muhammad	0866
15.	Kurnool Mohammad Nizamuddin Feroze	0966
16.	Rafaqat Ullah Babar	1320
17.	Saiyid Afroz Ahmed	1532
18.	Abdul Rashid Mir	1794
19.	Abdul Khalil	1814
20.	Shaikh Fowad Rahim	1905
21.	Ali Hussain	3429
22.	Zafar Majeed	4878

Year at a Glance - Other Activities

The Institute continued its policy of engaging meaningfully with its members, international standards setters, regional bodies, relevant stakeholders, the government and the regulators at large.

During the year the following steps were taken to further strengthen the relationship of the Institute and the stakeholders.

Contribution by the Institute at international forums

Comments on the following IASB Pronouncements were sent during the year:

- a) Exposure Draft: Insurance Contracts (A revision of ED/2010/8 Insurance Contracts)
- b) Discussion Paper: A Review of the Conceptual Framework for Financial Reporting
- c) Equity Method in Separate Financial Statements (Proposed amendments to IAS 27)
- d) Annual Improvements to IFRSs 2012-2014 Cycle ED/2013/11

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

- a) Reporting on Audited Financial Statements: Proposed New and Revised International Standards on Auditing (ISAs)

Comments on the Proposed International Education Standard (IES) 8 Professional were sent to IAESB:

- a) Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)

Comments on the following pronouncements were sent to the SECP:

- Final Draft SECP Electric Power Generation Industry (Cost Accounting Records) Order, 2013
- Draft Corporate Rehabilitation Act
- Draft Guidelines on Compromises, Arrangements and Reconstruction' issued by SECP.
- Draft Principles of Corporate Governance for non-listed companies issued by SECP For Public Comments
- Revision of Auditors' Report Formats of 35A & 35C

Best Corporate and Sustainability Reports Awards

The Joint Committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan had organized the thirteenth Best Corporate Reports Award and Best Sustainability Report Award on August 22, 2013. Overall 1st position was secured by Engro Corporation Limited.

For Best Sustainability Reports, first position was awarded to Lucky Cement Limited and Fauji Fertilizer Company Limited was the Runner up.



Year at a Glance - Other Activities

The Best Corporate Reporting Award has been updated in line with International best practices to cater need of various stakeholders for better decision making. The objective is to encourage entities to make the corporate information more users friendly and incorporate better transparency in reporting. Since its inception the awards have been received very well and have contributed in enhancing the quality of reporting in Pakistan.

SAFA Best Presented Accounts Awards



The South Asian Federation of Accountants (SAFA), Best Presented Accounts Awards and Corporate Governance Disclosure (SAFA BPA & CG) 2012 Awards Ceremony was organized on May 3, 2013 at Islamabad. Twelve companies were nominated by the Institute from amongst the BCR 2012 winners.

The following companies secured positions in their respective category:

- Engro Foods Limited (first position in Manufacturing Sector).
- The Citizens Foundation (first position in Non-Governmental Organizations).
- Askari Bank Limited (second-runner-up in Private Sector Banks).

A number of other Pakistani companies received Certificate of Merit awards in their respective categories. Their names are available on the Institute's website.

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 regularly updates BCR and BSR Criteria. The BCR and BSR Criteria for 2014 which is applicable to the annual reports with the year-end falling in the calendar year 2014, has been placed on the websites of both the Institutes.

Budget Proposals 2013-2014

The Institute has always played a proactive role in shaping government policies through representations and suggestions by way of pre and post-budget memoranda.



This year, detailed proposals on Direct and Indirect Taxes were developed and submitted to the Government for incorporation in the Federal Budget for the year 2014-2015. The proposals were also sent to the Ministry of Finance, Federal Ministers, the Members of the Standing Committees on Finance, Revenue of the National Assembly and the Senate.

Year at a Glance - Other Activities

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.

Exemption from Filing Tax Returns

Through Finance Act 2013 amendment was made in Section 114 of the Income Tax Ordinance requiring all members of the Institute, whether resident or non-resident, to file their return of income. This requirement created undue hardship to our members residing abroad as most of them have no Pakistan source of income. To alleviate the hardship, the Taxation Committee of the Institute made representations to the Finance Minister and at different levels of FBR. We are pleased that our efforts bore fruit and the hardship was lifted through the Finance Act 2014.

Awareness Sessions

It is vital that the Institute and its relevant stakeholders form a strong bond that is concentric as well as withstands the development, for this the institute initiated efforts during the year to reach out to its stakeholders through various seminars and sessions:

- **Revised Standard for Small-sized Entities**

The Council has recommended IFRS for SMEs to be applicable to Medium-sized Entities (MSEs) in place of the current Accounting and Financial Reporting Standard (AFRS). Accordingly it was felt that the AFRS which was issued in 2007 required updation for Small-sized Entities (SSEs). The Accounting Standard Committee has developed SSE Standard which was exposed to the membership for comments. The Accounting Standard Committee held workshops at Karachi, Lahore and Islamabad to create awareness amongst the members.

- **Seminar on 'Cash Basis IPSAS'**

Seminar on 'Cash Basis IPSAS' was held on April 30, 2014 at ICAP Karachi by SRC in coordination with the Technical Directorate of the Institute. Mr. Mohammad Faheem, Director General FABS, PIFRA and Ms. Hena Irfan from Deloitte were the key note speakers. Mr. Sajjad Haider, Director General PIFRA, Karachi was the Chief Guest.

Year at a Glance - Operational Activities

Investigations

The Institute continues its earnest endeavors to dispose off cases within shortest possible time. The Investigation Committee of the Institute is a fact finding body which scrutinizes the complaints and after detailed review and analysis provides its recommendations to the Council for decision.

During the year, seven meetings of the Investigation Committee were held. The Committee after active deliberation and review of the merits of complaints finalized its conclusions on fifty six cases during the year. Out of these fifty six cases, forty cases were dropped by the Committee as in its opinion those cases did not require investigation and sixteen were referred to the Council for decision. The Council disposed off ten cases during the year, out of which seven were closed whereas action was taken on three complaints.

A Manual of decisions on past cases of Professional Misconduct is also under development by the Secretariat in order to provide assistance to the Council and Investigation Committee to decide complaints in consistent manner.

A summary of the complaints received and disposed off during the year is as follows:

Cases at the beginning of the year	97
Complaints received by the Investigation Committee during the year	51
Cases disposed off during the year	(50)
Cases under review at the end of the year	98
Cases under review of the Investigation Committee	87
Cases under review of the Council	11
	98
Cases decided by Council	
Members Reprimanded / Warned with / without Name	2
Removal of Name	1
Cases Closed	7
Total cases decided by Council	10
Cases dropped by Investigation Committee	40
Total cases disposed off during the year	50

Leadership Development - Stewardship Meeting

Careful stewardship of the operational efficiency has created a healthy working environment for the Institute to embark on major initiatives in the future for the members and students. To derive optimum results for operational effectiveness and efficiency, an Executive Consultative Forum comprising the President - Naeem Akhtar Sheikh, Vice President North - Rashid Ibrahim, Vice President South - Riaz A. Rehman Chamdia, Secretary/Chief Operating Officer - Khalid Rahman, Executive Director, Education and Examinations - Syed Masood Akhtar, Executive Director, Legal and Membership Affairs - Shoaib Ahmed remained operational. Regular stewardship and coordination meetings were also held during the year for the purpose of aligning the departmental goals with that of the Institute, achieving short and medium objectives and expeditious execution of decisions.

Risk Management

The Institute has developed a risk management framework to confirm and communicate the Institute's commitment to risk management and to establish a consistent framework and protocol for identification, prioritization and reporting of risks and to assign responsibility and accountability for managing risk.

During the year an initial top down risk assessment exercise was carried out to identify the significant risks faced by the Institute and compiled into an initial list with a manageable number of potential risk events, such as:

- changing nature of competitive environment;
- cash flow limitations;
- loss of public trust in the profession;
- inability to attract / retain diverse highly qualified staff;
- maintaining confidentiality; and
- business continuity.

Year at a Glance - Operational Activities

Brand Strengthening and Communication

To adhere with the spirit of professional development, the Institute's marketing and communication department is conveying meaningful messages for the stakeholders through coherent and focused advertising campaigns, public relations and personal interaction. The Institute is working towards building collaborations with prominent educational institutions and all the activities ensure that the brand promise leads to brand bonding.

The focus of the Institute is to build strong awareness in key target audiences about CA and attract good quality students who can qualify and ensure effective service delivery as accountants, auditors and business leaders. The Institute also played a crucial role as knowledge partner for the fresh members in building soft skills which help to enhance self-confidence and employability.



CA Pakistan

In its endeavor to keep abreast with global changes, the Institute of Chartered Accountants of Pakistan has adopted a new corporate slogan “CA PAKISTAN” to rejuvenate its identity. “CA-PAKISTAN”, is a new representation and reflection of the Institute's core values, built on 53-years legacy, paying homage to our nation and safeguarding institutional interests. “CA PAKISTAN” will enable ICAP to march ahead by creating a point of differentiation and projecting our core identity “CA”. In our strive to compete in the international market, while safeguarding the national and institutional interests, “CA PAKISTAN” will strengthen the image of Institute and will enable us to position ourselves in more effective way in times to come.

Promotional Material

To strengthen the brand and create more awareness about the CA profession, promotional material was developed to showcase the New Education Scheme. It included ICAP catalogue, brochure, standees, flyers, banners and posters. Wall branding at ICAP centers and RAETs was also developed and displayed. Welcome Kit for newly registered students was developed.

ICAP corporate profile video has been updated and used in conferences, international meetings, website, in counseling sessions and career fairs.

Social Media

Surveys give important insights about various aspects of brand and quality of services provided. During the year the Institute has conducted various surveys like Key Factors for Success & Failure in CA Studies - to identify problems encountered by successful students and how they were overcome, Demographic study of ICAP students' enrollment during 2013, brand perception survey - of potential students and Employers Satisfaction Survey.

Marketing Research

Surveys give important insights about various aspects of brand and quality of services provided. During the year the Institute has conducted various surveys like Key Factors for Success & Failure in CA Studies - to identify problems encountered by successful students and how were they overcome, Demographic study of ICAP students' enrollment during 2013, and brand perception survey - of potential students.

Media Coverage

Infrastructure initiatives are in top slot of the Institute agenda-being a fundamental requirement for social and professional standing of the profession.

Year at a Glance - Operational Activities

The Institute's events, collaborations and conferences were massively covered by press and electronic media throughout the country. Media Coverage was done through more than 254 pre & post event press releases in the leading English and Urdu dailies. Various events were covered by 31 TV channels including SAMA News, Dawn News, Business Plus, Express News, Waqat TV, City 42 and AAJ News. Congratulatory messages were placed in Dawn, Business Recorder, The Nation, Nawa-i-Waqat and Daily Jang to felicitate successful candidates in ICAP examination while CA promotional Ad and CA Talent Ads was also published in leading newspapers. The Institute Advertisement and Presidential Interview were also published on the front cover of the leading newspapers. A joint interview with President ICAP and President SAFA was also covered by Business Recorder.

Human Resources and Administration

To meet the demands emerging from strategic priorities, a review was carried out of the organisation structure with the objective of ensuring that the Institute has the required quality of Human Capital to deliver against the ambitious program, going forward. Certain gaps were identified in the review process which are being filled through fresh recruitment of quality professionals.

Besides, the organization has been structured on functional lines for bringing efficiency and accountability. Moreover, an outside Consultant Abacus has been engaged to conduct organisational assessment and role clarification of key management positions.

Strengthening the Infrastructure

During the year, concentrated efforts were made to strengthen the Institute infrastructure to meet the growing needs of the professional and students. One of the key area of development was increasing ICAP presence across the country, in this regard the office of the Institute has been opened in Sukkur and Gujranwala. Mirpur (Azad

Kashmir) office is expected to open in the next few months. An office in Quetta is on our priority, however this will need support and cooperation of the Provincial government which is being actively pursued.

Renovation of Offices

Various renovation projects were completed including the office face lifting of ICAP Lahore office, City Library Lahore, the Moosa D. Desai Auditorium at ICAP House Karachi, Council and President Room at ICAP Karachi.



ICAP Gujranwala Office



ICAP House Karachi



Moosa D. Desai Auditorium

Year at a Glance - Operational Activities



Corporate Social Responsibility

Besides the contributions through Benevolent Fund the report of which is attached separately, financial support was also arranged to the employees and their children intending to do CA under Financial Assistance Program.

Training & Development

Strong need for quality training is vital for a strong professional excellence. To achieve this goal following programs have been steered during the year.



- Training Need Analysis was conducted for all staff members.
- More than 26 staff members attended various training programs during the year at renowned training organizations like Green Berry Pakistan, IFC, PIM, Learning Minds Group, PICG, ITM, PSTD etc.
- 2^{1/2} days training session on “Living Leadership” was organized for ICAP senior management where 24 staff members attended the interactive training program.
- A day long training session on Time and Stress Management was organized for ICAP staff. 23 staff members attended this interactive training session.

Hajj Policy

Mr. Muhammad Naseer, Guard – Islamabad Office will be performing Hajj in 2014 under ICAP Staff Hajj Scheme and Mr. Asad Shahzad, Deputy Manager – Publication Department has been selected through balloting to perform Hajj in 2015.

Recreational Activities

A Picnic and Inter ICAP Tape Ball Cricket Tournament is organized for ICAP employees on an annual basis. The Institute also organizes and takes part in other tournaments such as Inter Firm Cricket Tournament.

Whistle Blowing Policy

In order to enhance good governance and transparency, this policy has been developed to help employees report legal and ethical issues like fraud, corruption or any other unlawful conduct or dangers to the public or the environment.

Code of Conduct for Employees

ICAP follows a policy of conducting its business with honesty, integrity, trust and in accordance with the highest professional, ethical and legal standards. The Code of Conduct helps in implementation of the ICAP's business principles by establishing certain minimum standards of behavior in key areas. The Code applies to all employees of the Institute.

Year at a Glance - Operational Activities

Green Office / Energy Conservation

The Institute is committed to a policy of energy efficiency and energy conservation. This policy identifies energy conservation as a significant issue for ICAP and outlines steps to manage and reduce energy consumption in a manner that is consistent with the ICAP's mission and goals for good corporate governance and public service.

To meet the challenge, the Institute's lighting system has been converted to the LED energy efficient panels to reduce energy consumption in order to preserve resources for the future and reduce environmental pollution. Also Inverter based Air Conditioners are being installed at ICAP Auditorium Karachi to conserve energy.

Existing Strength of Staff

This year the Institute inducted 17 individuals including qualified Chartered Accountants, MBAs and Masters. This year the total staff strength was 193.

STRENGTH OF ICAP EMPLOYEES			
Department	Management Staff	Non Management Staff	Total
SOUTH			
Karachi	120	29	149
Sukkur	1	0	1
NORTH			
Islamabad	9	3	12
Lahore	21	4	25
Multan	1	1	2
Faisalabad	1	1	2
Peshawar	3	0	3
Sub Total	156	38	194

Information Technology

The Institute has been constantly taking a number of IT initiatives so as to keep the members abreast with the latest technology and help them offer exemplary services. In order to bring the members closer and provide a better brand equity to our members following measures were taken during the year.

Formation of IT Committee

IT Committee has been formed by the Council. This initiative will bring significant improvement in overall IT functions of the Institute.

ERP System

As the Institute grows, enhancements to its vital information technology are necessary to increase all aspects of efficiency and membership communication. Enhancement of the ICAP-ERP system is an ongoing process through which new modules are developed and linked to the main database. The existing modules are also updated according to the changing requirements of the Institute. User Manuals have been developed for assistance of the staff.

Communicating Through Technology

To improve work-life balance and reduce time spent in travel, the Institute encourages use of audio and video conferencing facilities. These facilities were available at its Karachi, Lahore, Islamabad and Peshawar centers and have now been extended to Faisalabad and Multan.

Integration with Bank Payment Gateway

The Institute's website has been integrated with Bank Payment Gateway in a bid to improve the online payment process. With this integration, the students can now also avail the online payment option through Master or Visa Credit / Debit Card.

Year at a Glance - 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 Mr. Qasim Ebrahim Causer, in their capacity as the auditors of the Institute.

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

The Council would also like to acknowledge the contributions made by the respective Regional Committees in strengthening 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 Institute's staff for their continuous hard work and dedication and for helping the Council in discharging its responsibilities.

By the order of the Council

Khalid Rahman

Secretary

Karachi, August 25, 2014

Report of the Quality Assurance Board (QAB)

This is the ninth report of the Quality Assurance Board (QAB). The QAB performs its functions and discharges its responsibilities in accordance with the Framework of the QCR Program. The QAB was reconstituted by the Council in April 2014 while the revised Framework for QCR Program is under consideration of the Council. With new members in place, the Board is confident to raise the bar of audit quality in Pakistan to its new heights through a more transparent and effective QCR Program.

The objectives of the QCR Program would remain focused to determine whether the audit firms in Pakistan:

- (a) are conducting the audit engagements in accordance with relevant professional standards and applicable legal and regulatory requirements; and
- (b) have established, documented and implemented adequate policies and procedures for quality control within the firms in accordance with the requirements of ISQC-1.

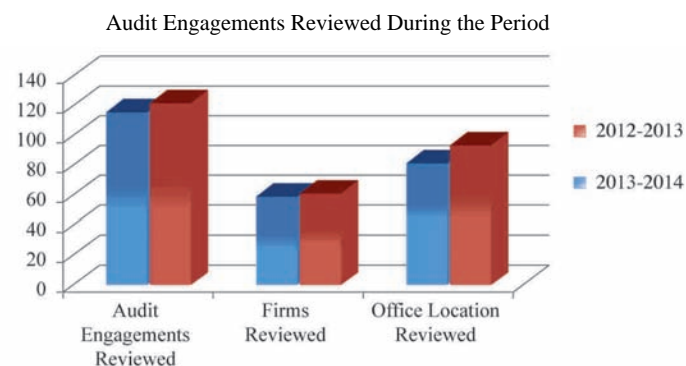
The QAB is committed to set the benchmark for the highest ethical and professional standards and monitoring its compliance through the defined QCR Program.

QCR of Audit Engagements

During the period from July 1, 2013 to June 30, 2014, reviews of 62 firms took place. This entailed 125 audit engagements at 93 office locations spread over Karachi, Lahore, Islamabad, Rawalpindi, Peshawar Faisalabad, Multan, Hyderabad, and Gujranwala as compared to 61 firms last year entailing 117 audit engagements at 83 office locations.

As mentioned above, 125 audit engagements were reviewed out of which 47 were listed companies while 78 were non-listed companies.

Out of 62 firms reviewed during the period, conclusions of 27 firms were “supported by appropriate audit evidence” while the conclusions of 17 firms were “not supported by appropriate audit evidence”. QCR Reports of 18 firms are in the process of approval by the QAB.



As on June 30, 2014, 100 firms were listed on the Institute's website, having satisfactory QCR rating. Out of which 60 firms have audits of listed clients while 40 firms have audits of unlisted company.

During the year 09 new firms offered their audit working paper files for review and the QCR conclusions of 02 firms were "supported by appropriate audit evidence". While QCR Report of 01 firm is in the process of approval by the QAB.

During the period under review 01 firm was removed from the list of QCR Rated Firms and early reviews of 04 firms were also decided by the QAB.

Report of the Quality Assurance Board (QAB)

Firms' Review Under ISQC-1

Quality control plays a pivotal role in enhancing users' confidence in the services provided by a Chartered Accountant firm. A robust system of quality control addresses quality control with respect to engagement performance as well as leadership responsibilities for quality within the firm, compliance with relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, human resources and monitoring.

During the period under review, 23 firms were reviewed under ISQC-1.

SMP Seminars

During the period under review, the QAD in collaboration with the Regional Committees of the Institute held four seminars on Going Concern, Auditor's Report, Audit Evidence and Audit Planning and Risk Assessment. The seminars were attended by a good number of participants who actively participated in the sessions.

Annual Report of QAB

The second Annual Report of the QAB has already been issued, covering frequent significant findings noted during various QCR visits during the year 2012-13.

The work on third Annual Report of the QAB activities has commenced which is expected to be issued soon. Members are requested to send their feedback on the report and let us know what further contents would they like to see in future QAB Annual Reports.

Concluding Remarks

I would like to take this opportunity to express my sincerest appreciation for the invaluable contribution of the members of the outgoing QAB. I look forward to their continued support towards other activities of the Institute.

I would further like to thank all the members of the Board and the Quality Assurance Department for their contribution and support which assisted the Board in carrying out its functions in an effective and efficient manner.

In the end, I would like to invite active participation of not only Board members but of all the members of ICAP, especially our colleagues in audit firms to come forward with new and innovative ideas for improvements in the quality of audit in Pakistan. It is a joint effort and cannot be achieved without contributions by all stakeholders. Let's make it better, let's go ahead.

“Quality is never an accident, It's always the result of
Intelligent effort”

(John Ruskin)

Mohammed Adnan Afaq
Chairman, Quality Assurance Board

Karachi, July 9, 2014

Report of the Audit Committee

Audit Committee of the Institute was constituted with an aim to assist the Council in fulfilling its oversight responsibilities towards the integrity of Institute's financial statements, effectiveness of the system of internal controls and risk management and efficiency of internal and external audit processes.

The Audit Committee comprised of five members, three being independent non-council members including the Chairman who is also a Past President of the Institute.

The Committee met six (06) times during the year ended June 30, 2014.

Besides Head of Internal Audit, who also acted as the Secretary to the Audit Committee, Secretary / COO and other senior management personnel were invited in the meetings when the business of the Committee required so. The Committee also held meetings with the External Auditors.

The key responsibilities of the Committee include monitoring the integrity of the Institute's financial statements, reviewing the effectiveness of the internal controls and risk management process, reviewing and monitoring the Internal and External Auditors' independence and objectivity and the effectiveness of the audit process and monitoring the effectiveness and compliance of the Whistle Blowing Policy.

The full Terms of Reference (TOR) of the Committee are available on the Institute's website.

Work carried out by the Audit Committee during the year 2013-14

(i) Review of the Financial Statements of the Institute

The Committee reviewed the quarterly, half yearly and annual financial statements of the Institute before recommending for approval of the Council.

Relevant Executives and External Auditors were invited in the meetings when financial statements were discussed to advise the Committee on the financial results / highlights and significant matters relating to the financial statements.

During the course of its review, the Committee considered the quality of accounting policies, reasonableness of accounting estimates and judgments and the disclosures in the Institute's financial statements and appropriate recommendations were made to the Council.

(ii) Internal Control and Risk Management

The Committee has an ongoing process for reviewing the effectiveness of the system of internal controls. During the year under review, the Committee assessed effectiveness of the Institute's internal controls and risk management systems and made necessary recommendations to the Council to further strengthen the systems.

Report of the Audit Committee

(iii) Internal Audit

The Committee also reviewed the effectiveness of Internal Audit Function on a regular basis.

During the year, Internal Audit Plan was reviewed and approved by the Committee. The Committee also considered the Internal Audit reports summarizing audit findings, recommendations and management response there against.

All significant observations / recommendations along with management responses and implementation status were reported to the Council.

(iv) External Audit

The Committee during the year had three (03) meetings with the External Auditors.

In these meetings, the Committee discussed External Auditors' plan, key risks identified and their findings from the review of half yearly financial statements and the audit of annual financial statements.

The Committee also assessed the independence, objectivity and performance of External Auditors and made recommendations to the Council, for it to put to the members for approval in AGM, in relation to the reappointment of the existing External Auditors of the Institute.

(v) Whistle Blowing Policy

The Council approved Whistle Blowing Policy of the Institute in March 2014 which allows the Institute's employees to raise their concerns, if any.

The Audit Committee is responsible for monitoring the effectiveness of the Whistle Blowing Policy.

(vi) Terms of Reference (TOR)

The TOR of the Committee was reviewed and changes were recommended to the Council for approval.

The Committee takes this opportunity to place on record its gratitude to Institute officials for assisting the Committee in the effective discharge of its responsibilities.

Ahmed Dawood Patel
Chairman, Audit Committee
Karachi, August 6, 2014

Report of the 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 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. 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.

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 during financial year 2013-14 appears below:

Financial Assistance

The Fund has constituted visiting sub-committees in Southern and Northern regions to assess / verify the needs of deserving families of deceased members and living members in distress. On receipt of the information about death of a member or a living member in distress, sub-committee of two members visits the family to offer condolence on behalf of the Institute. Based on need analysis, recommendations are put before the Committee, which after due consideration takes decision on the merit of each case.

During the year under report, the Fund extended financial assistance of Rs. 9,369,452 to twenty one families (including 6 living members) compared to assistance of Rs. 8,177,200 provided to twenty one families (including 4 living members) during the preceding year.

Average assistance per family comes to Rs. 37,180/- per month during the current year. In comparison, average assistance per family in the preceding year was Rs. 32,450/- per month.

The Management Committee of the Fund reviews the level of assistance biannually in December and June. The Committee in its meeting held on June 26, 2014, approved financial assistance of Rs. 12,084,000 to twenty three families (including 6 living members) for the ensuing year 2014-15. This approximates to Rs. 43,783 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. While renewing the arrangements for ensuing year 2014-15, the Committee was not only able to enhance the sum insured limit from Rs. 5 million to Rs. 7 million but also got a waiver of the medical examination for members up to the age of 65 years, previously available up to maximum age of 55 years. The Committee also negotiated better rates of premium for members up to the age of 60 years for which premium has been reduced from Rs. 3.25 to Rs. 2.85 per thousand rupees sum insured. Further, a reduction from Rs. 2.95 to Rs. 2.73 per thousand rupees sum insured for age group 60 to 64 years has been negotiated. Rate of premium for age group 65 to 69 years has been kept at the previous level.

Since takaful cover will be provided on enrollment only and without any other requirements, the Committee is hopeful that level of participation in the policy will rise accordingly. All members are encouraged to participate in the scheme.

Report of the ICAP Benevolent Fund

Group Health Care Scheme

While renewing the arrangements for the year under report, due to better services and satisfactory performance of previous two terms, AsiaCare was again considered as a preferred service provider. 1370 persons participated during the year under report as compared to 1900 persons enrolled during the previous year. Claims of Rs.13 million were settled by Asia Care at the close of financial year and is expected to increase further by the time policy term ends on July 31, 2014. This includes the amount of claims directly settled by the panel hospitals and claims reimbursed to members. Overall premium of Rs.8.50 million was recorded at the close of financial year.

For the ensuing year 2014-15, the renewal has been made in favor of Habib Insurance Co. Ltd. considering their best proposal offering substantial increase in benefits at a lower premium as compared to other bidders.

The details have been circulated to members through email, newsletter and brochures. Details have also been posted at the website of the Institute www.icap.org.pk/members/bf/gbs

Fund Raising Events

The Fund operates on the concept of self-reliance. Members' contributions and income from investments are the primary sources for the Fund to meet its objectives. However, donations from the Institute, its members and firms also play an important role in strengthening the Fund base.

Three sub-committees have been formed in Karachi, Lahore and Islamabad for the purpose of organizing events to raise funds in order to augment and strengthen the Fund's base.

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 in distress and families of the deceased members 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.

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 cooperation 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

Report of the Northern Regional Committee

Chartered Accountants are founders of the accountancy profession and have led its global development. Northern Regional Committee (NRC) provides a platform to the ICAP members by keeping them abreast of the latest changes, broaden their skills and be more effective in their professional work. NRC encompasses all members from Punjab and Khyber Pakhtunkhwa (KPK) and federal capital Islamabad.

Continuous Professional Development (CPD)

Focused CPD opportunities are created were provided in the entire northern region during the year 2013-2014. Various Discussion Forums, workshops and seminars throughout the region were arranged by the CPD Committees which have proved beneficial in enhancing and polishing the skills of the members.

Discussion Forum on “Punjab Sales Tax and Recent Amendments in Federal Sales Tax Act” & on “Accounting & Financial Reporting Standard (AFRS)” for Small-Sized Companies, seminars and workshops on International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA) were conducted during the year. Likewise, various programmes like New Challenges on Corporate Reporting, Financial Statements Presentation & Disclosure as well as Code of Corporate Governance along with ISAs Workshops were also held with special emphasis on practical application. This enabled our members to develop an advanced understanding of up-to-date knowledge of IFRSs and ISAs and would help them apply the acquired knowledge to their respective work places.

Taxation and Secretarial Practices in Pakistan was also focused in the CPD activities. In this regard, “Punjab Sales Tax and Recent Amendments in Federal Sales Tax Act” was the most interesting one. Post Budget seminars were conducted in order to keep the members abreast of the changes made in the much anticipated Finance Bill 2014-15. Other similar activities were organized on “Managing

Human Capital”, “Zakat Today and Alternate to Interest”. The topics like “Rules of the Corporate Governance for the Public Sector Companies” & “Driving Corporate Performance through Balanced Scorecard” etc. were also discussed and appreciated by the valued members.

Recreational Activities

Keeping in mind the objective of organizing social events for the members and their families, a family Get Together at Megazone, Fatima Jinnah Park F-9 Islamabad was arranged which included brunch/Lunch and fun activities for members and their families. A similar event in Lahore is planned after Eid ul Fitr holidays.

Libraries

The Committee has maintained six libraries functioning in Islamabad, Lahore, Peshawar, Faisalabad and Multan. All out efforts have been made to improve and modernize the existing resources and add new facilities wherever required. The book listing has been made and updated as demanded by the respective library committees. The students service and complain desk has been set up in each library to receive demand for procuring books not available in the library. NRC floated an idea of “e-Library”, “e-Learning” and “e-Career and Recruitment” to the President ICAP. The idea was well received and an “e-library” icon on ICAP web portal was established as a first step. The initiative is currently under process.

Chartered Accountants Student Association - North (CASA)

For facilitation and nurturing CA students, CASA-N organized CASA Cricket Tournament in March this year. An overwhelming response and positive feedback were received. Twelve teams from various firms participated in this activity and number of students from different firms visited and appreciated the event.

Report of the Northern Regional Committee

Another milestone of CASA-N activities has been the arranging of a session” Open Forum”, thereby providing an opportunity to the students to interact with the Council Members & ICAP Officials for sharing their views and highlighting their issues and concerns. Students found it to be very useful and productive. Several seminars & workshops were conducted by CASA North throughout the year, which greatly benefitted everyone particularly the students.

Acknowledgement

I would like to express my sincere gratitude and thanks to all the members, in general; and, those who served on various committees, in particular, for their extended support, dedication and help in carrying out informative, attractive and diverse activities through the year. In this respect CASA Management Committee as well as CPD and Library Committees of various cities merit to have my special thanks.

I would also like to show appreciation on the contributions made by all the guest speakers in CPD seminars and would look forward to having their participation in future events.

I take this opportunity to be grateful to the ICAP President, Vice President (North), Council Members, Regional Directorate and the Institute's staff for their valuable guidance and support for the smooth running of NRC affairs.

For and on behalf of the Committee.

Kamran Iqbal Butt
Chairman, Northern Regional Committee

Report of the Southern Regional Committee

The newly elected Southern Regional Committee (SRC) of the ICAP for the term 2013-2017 took charge effective from September 16, 2013. After assuming office, the SRC began by engaging the members to obtain their feedback for preparing its road map. The road map was also presented to the ICAP President, Council and COO in a meeting held in March 2014 and was found to be aligned with Council objectives.

New Initiatives

The SRC took the following initiatives:

1. A monthly communique by the Chairman SRC to the members. This included updating members about upcoming events and events which have taken place in the preceding month. The key purpose has been to keep members engaged by establishing a communication channel to understand their preferences and feedback to be considered for future programs.
2. A Post event communique by the CPD convener keeping members updated on the event who could not attend.
3. Strengthen the ICAP Secretariat by hiring a qualified and trained CPD Consultant.
4. Focus on improving the ICAP brand image by improving the quality of event brochures, back drops and venue ambience.
5. Attention to press releases to further improve ICAP visibility in the media.

Corporate Social Responsibility (CSR)

The SRC believes that we as a fraternity need to join hands in giving back to the community, for which we organized a Blood Donation Drive, themed “Share...Don't Shed”, in collaboration with the Indus Hospital Blood Centre.

Social Events

We also hold close to us the aim of promoting social activities and networking for members and their families. In this regard, the SRC organized a pioneering literary evening featuring Mr. Ata-ul-Haq Qasmi, a renowned columnist. In the event four NGO's were also invited to show cause their work and efforts. The event was highly appreciated by the members. Following the tradition of the previous years, we hosted the “Annual Family Get-together” for members and families at Sindbad.

Continuous Professional Development (CPD)

Whilst planning for professional development, we have strived to ensure that a diverse range of topics are carried out from SRC platform. This year the SRC organized 19 seminars and workshops focusing on professional development on various subjects such as the IMF, Corporate Governance, Sustainability Reporting, Strategy, Tax, Financial Supply Chain, Audit and Public Sector. The seminars were attended primarily by members and non-members as well.

Certificate Distribution Ceremony

The bi-annual Certificate Distribution Ceremony was held for the newly qualified Chartered Accountants themed “Don't Limit your Challenges, Challenge your limits” and “To achieve you must believe”. In both the events the newly qualified were accompanied by their parents.

Chartered Accountants Student Association - South (CASA-S)

The CASA, CA Students Conference 2013 “I am more than a number” was successfully organized in a very short time frame. Amongst other highlights were the elections and appointment of the management committee of the Chartered Accountants Students Association, South (CASA-S).

Acknowledgement

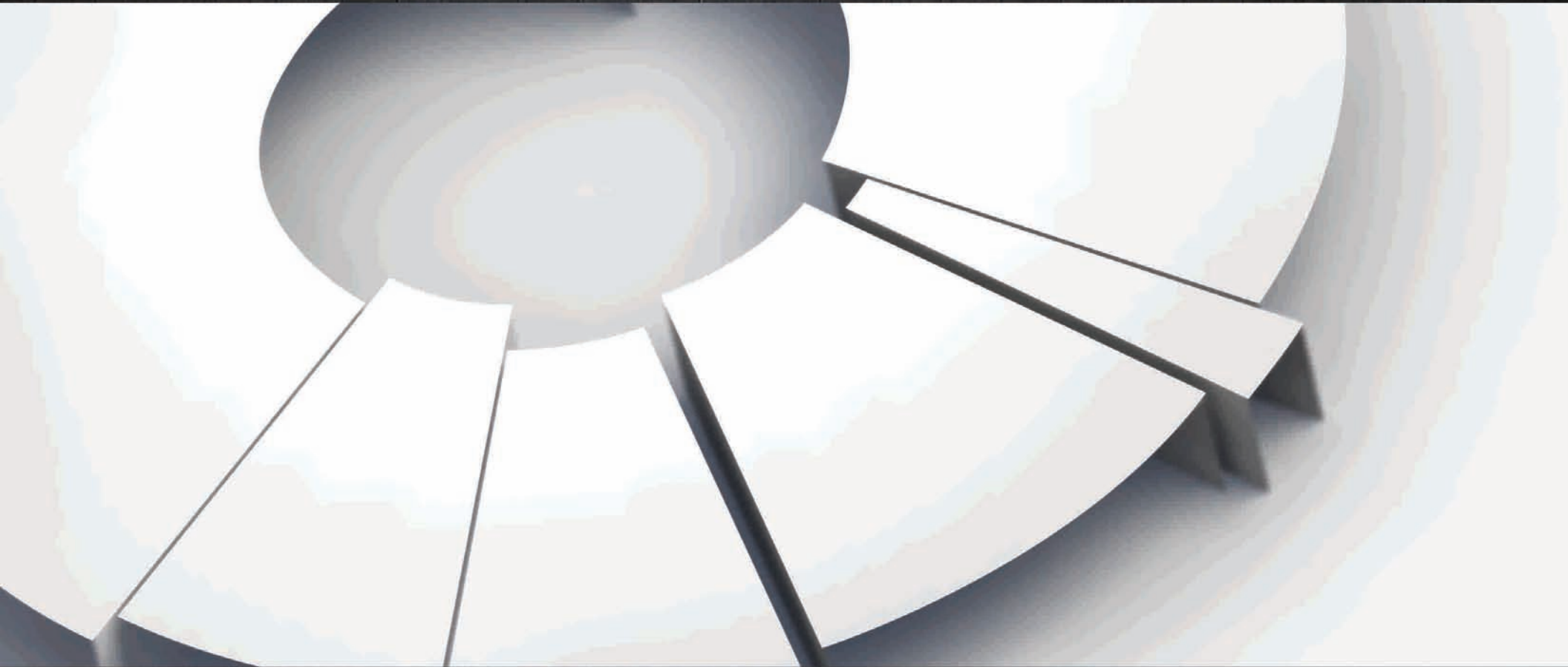
On the concluding note, I would like to thank the Sitting President, Past Presidents, Council Members, Fellow Members, ICAP COO and ICAP Secretariat for their support, guidance, encouragement and patronage.

My special thanks also goes to SRC members, SRC Secretariat and especially to CPD Convener for their throughout support and excellent contribution.

For and on behalf of the Committee.

Muhammad Junaid Shekha
Chairman, Southern Regional Committee

FINANCIAL HIGHLIGHTS



Financial Review

Results

The Institute achieved surplus of Rs. 60.5m for the year (2013: Rs. 79m). Total revenue and other income rose by 16% to Rs. 532.85m, while expenditure increased by 26% to Rs. 472.34m.

Income and Expenditure

The increase in members' subscription of Rs. 10.78m over the 2013 result derived from 5% increase in membership fee combined with increased number of members of 7%.

Revenue from examination and other fees rose by 17% to Rs. 303.06m. Education and training fees increased by Rs. 17.32m.

The increase in expenditure of Rs. 92.18m over 2013 result was mainly due to study packs impacting Rs. 32.48m and increase in salaries, rent, repair and maintenance.

Capital Expenditure

Capital expenditure totaled Rs. 70.56m, which was predominantly development cost of study packs amounted Rs. 21.1m, office equipment, vehicles and renovation.

Financial Position

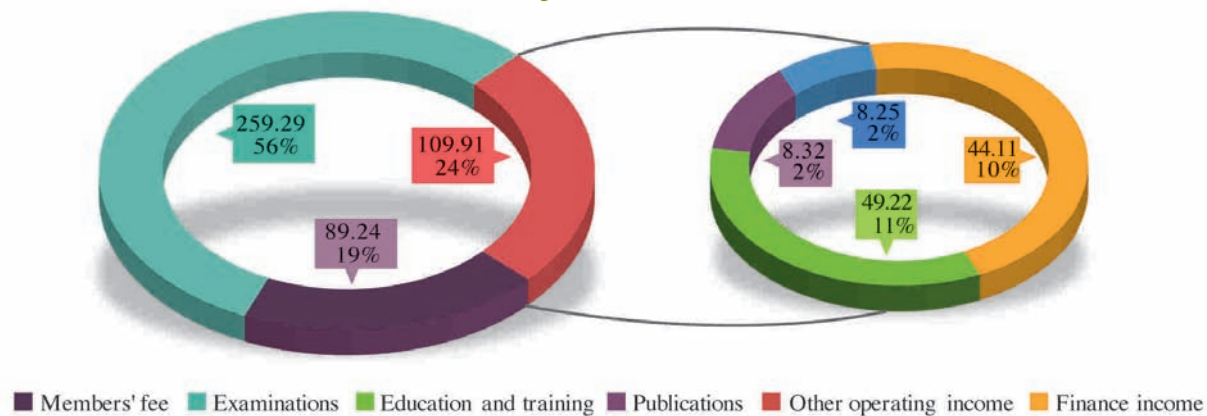
Net assets at 30 June 2014 were Rs. 639.68m, an increase of Rs. 60.5m on the 2013 position. At balance sheet date, the Institute had cash and bank balances of Rs. 45.84m while total investments marked at 414.3m.

Loans and receivables at balance sheet date remains stable, with debtors expected to be recovered in normal course of business, and with adequate provision for any debt considered doubtful.

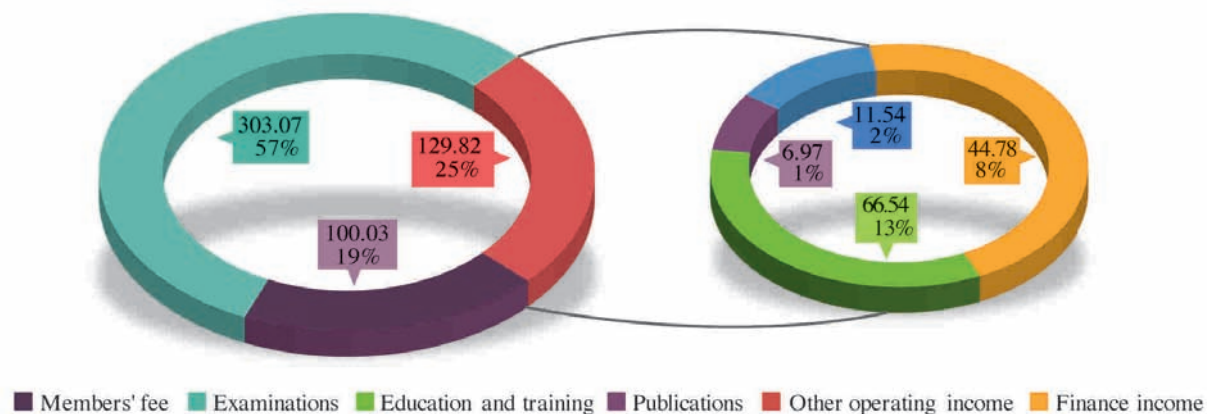
Fees in advance includes Rs. 25.24m relating to the payments received from members for the annual subscription of financial year ending 30 June 2015.

Income Composition

Income 2014
(Rupees in Million)

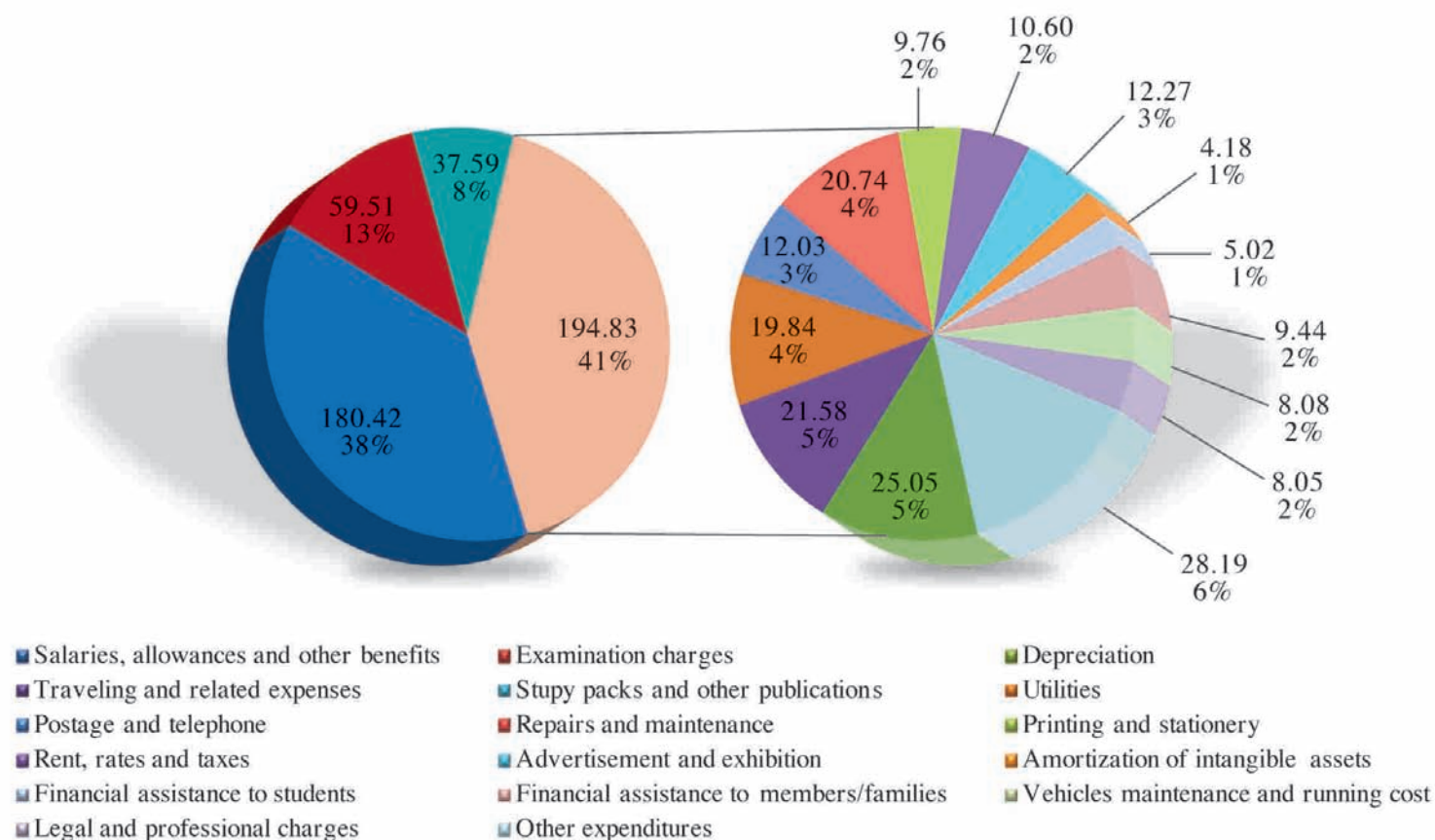


Income 2013
(Rupees in Million)



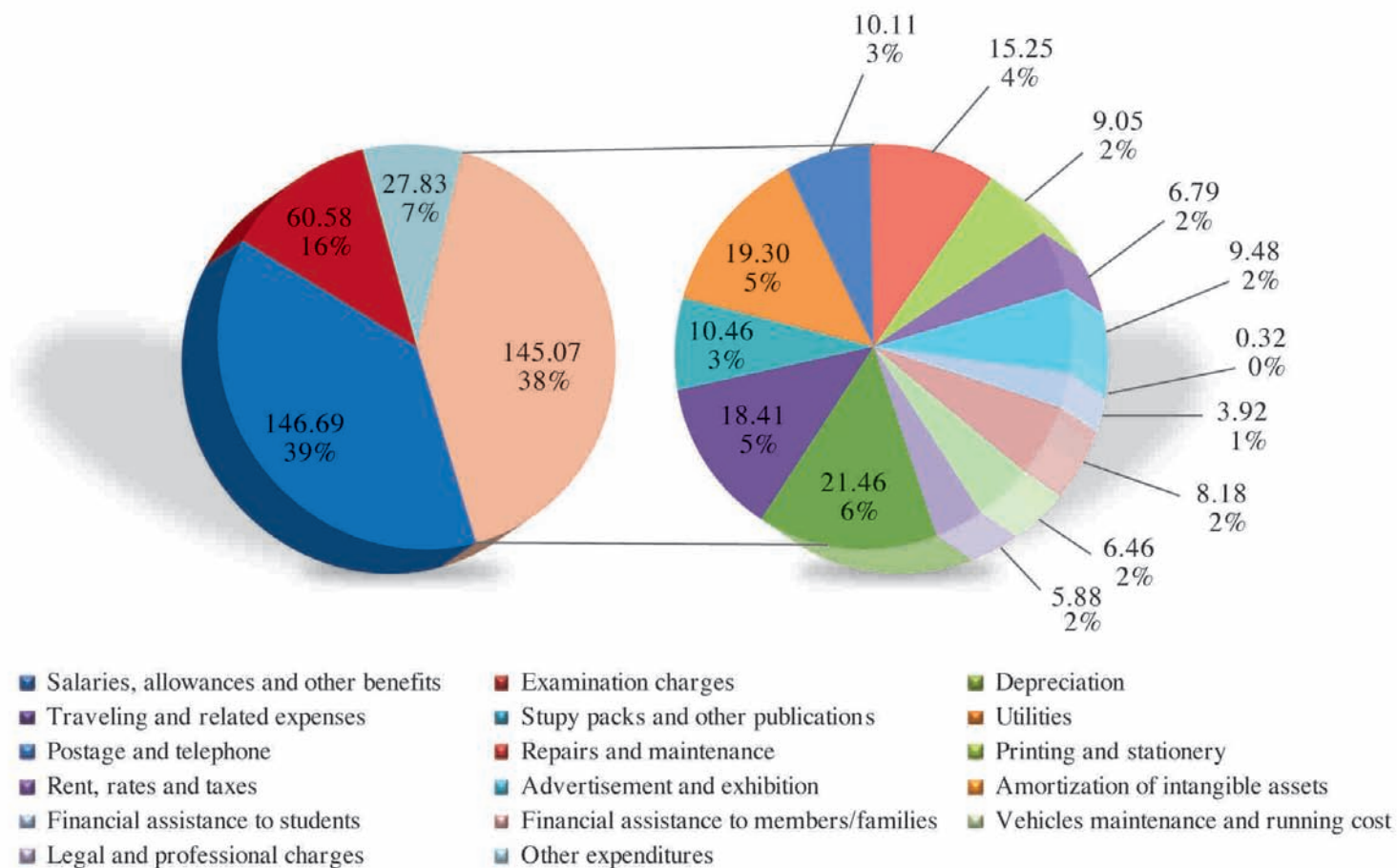
Expense Composition

Expenses 2014
(Rupees in Million)



Expense Composition

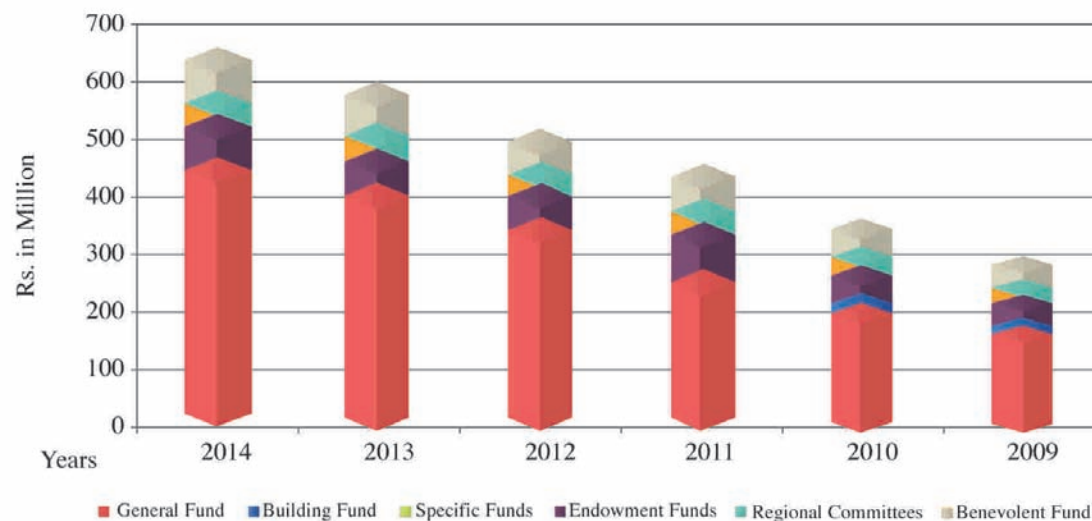
Expenses 2013
(Rupees in million)



Six Years' Summary

Summary of Financial Position

Descriptions	2014	2013	2012	2011	2010	2009
General Fund	452	406	350	273	203	171
Building Fund	-	-	-	16	16	16
Specific Funds	4	3	3	3	4	4
Endowment Funds	71	70	59	55	52	40
Regional Committees	36	33	31	28	24	21
Benevolent Fund	77	67	58	50	45	40

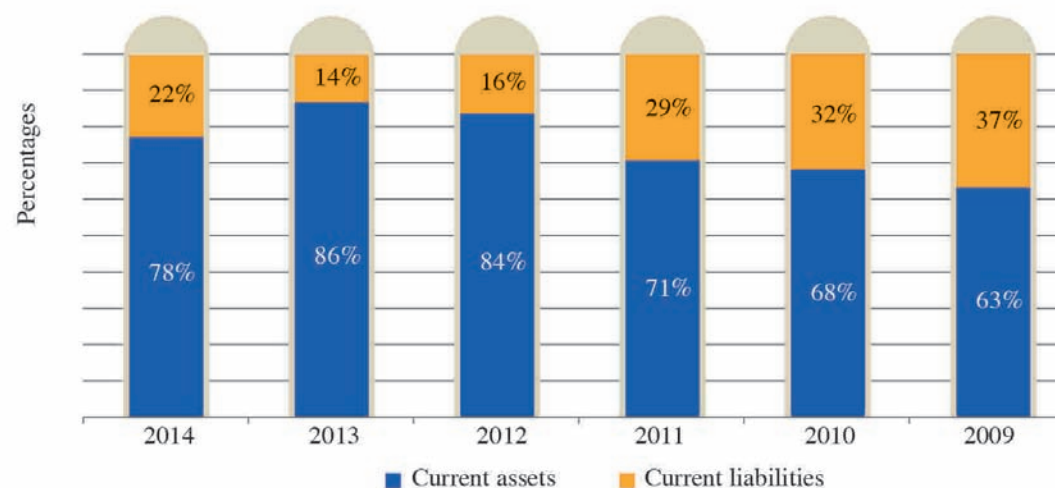


Six Years' Summary

Summary of Assets & Liabilities

Descriptions	2014	2013	2012	2011	2010	2009
Property, plant and equipment	225	184	168	155	162	162
Long term assets	159	92	111	194	128	86
Current asset	359	361	273	129	103	104
Current liability	104	57	52	54	48	60
Net current assets	255	304	221	76	55	33

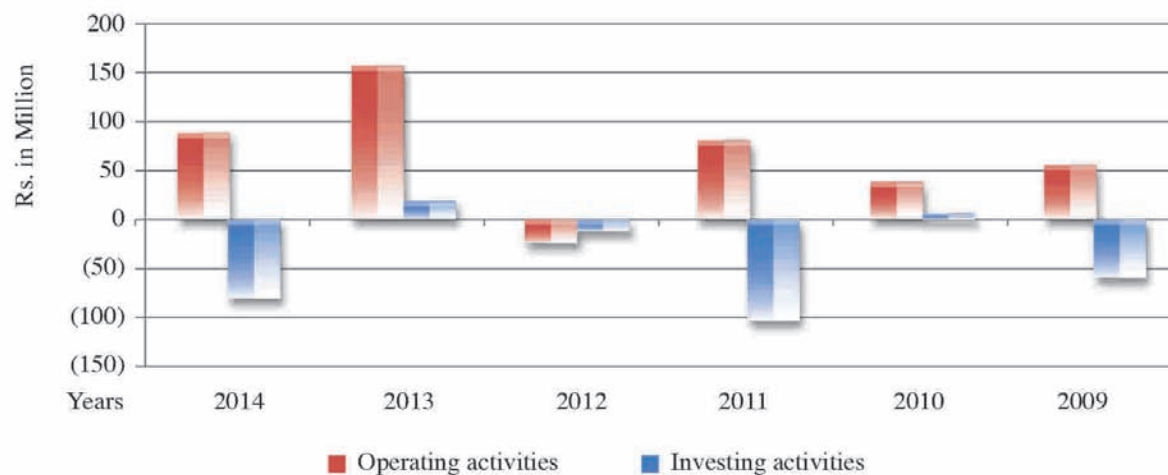
Current Assets 'vs' Current Liabilities



Six Years' Summary

Summary of Cash Flows

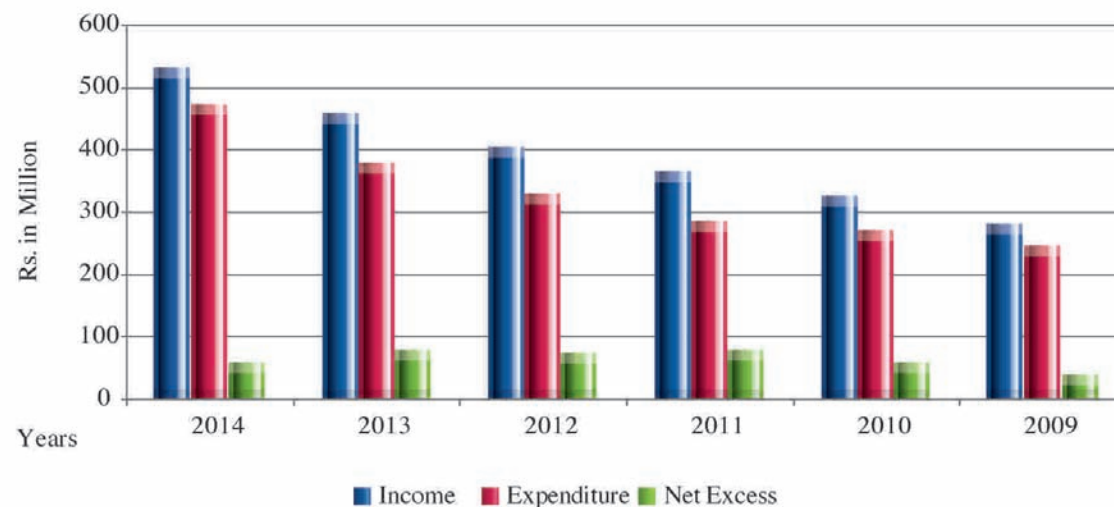
Descriptions	2014	2013	2012	2011	2010	2009
Cash and cash equivalents at the beginning of the year	192	17	51	74	31	33
Cash flows from Operating activities	88	60	(23)	80	38	56
Cash flows from Investing activities	(80)	115	(11)	(103)	6	(58)
Net Change in cash and cash equivalents	8	175	(34)	(23)	44	(2)
Cash & cash equivalents at the end of the year	200	192	17	51	74	3



Six Years' Summary

Summary of Income & Expenditure

Descriptions	2014	2013	2012	2011	2010	2009
Income	533	459	403	366	327	281
Expenditure	472	380	328	286	269	243
Net Excess	61	79	75	80	57	38



Six Years' Summary

Summary of Travelling and related Expenses

Rupees in '000

Category	2014	2013	2012	2011	2010	2009
OVERSEAS TRAVELLING						
International Federation of Accountants (IFAC)						
Members of the Council	2,865	3,268	3,111	4,274	2,407	2,757
Members of the Committee	541	223	455	1,278	684	-
Staff of the Institute	-	-	-	-	273	272
	3,406	3,491	3,566	5,552	3,364	3,029
Confederation of Asian and Pacific Accountants (CAPA)						
Members of the Council	726	879	1,581	827	488	551
Members of the Committee	-	-	-	-	582	-
Staff of the Institute	-	-	-	-	-	-
	726	879	1,581	827	1,070	551
South Asian Federation of Accountants (SAFA)						
Members of the Council	2,163	606	1,335	761	719	1,650
Members of the Committee	-	-	-	-	392	805
Staff of the Institute	321	110	-	-	170	768
	2,484	716	1,335	761	1,281	3,223
Professional Accountants in Business (PAIB)						
Members of the Council	-	1,068	884	267	-	-
Members of the Committee	-	-	-	-	-	-
Staff of the Institute	-	-	-	-	-	-
	-	1,068	884	267	-	-
Others						
Members of the Council	1,297	127	575	432	713	1,153
Members of the Committee	-	-	922	227	526	44
Staff of the Institute	1,841	1,182	1,618	506	516	843
	3,138	1,309	3,115	1,165	1,755	2,040
Sub Total	9,754	7,463	10,481	8,572	7,470	8,843
LOCAL TRAVELLING						
Members of the Council	5,220	5,510	4,616	4,148	4,813	3,213
Members of the Committee	786	798	846	666	816	1,425
Staff of the Institute	5,819	4,641	3,028	1,922	1,465	3,008
Sub Total	11,825	10,949	8,490	6,736	7,094	7,646
Grand Total	21,579	18,412	18,971	15,308	14,564	16,489

Vertical Analysis

Rupees in million

	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
ASSETS AND LIABILITIES												
Property, plant and equipment	225	35	184	32	168	34	155	37	162	47	162	55
Other Long term assets	160	25	91	16	111	22	194	46	128	37	86	30
Current assets	359	56	361	62	272	55	129	30	103	30	104	36
Current liabilities	(104)	(16)	(57)	(10)	(51)	(10)	(53)	(12)	(48)	(14)	(60)	(21)
Net assets	640	100	579	100	500	100	425	100	345	100	292	100
REPRESENTED BY												
General Fund	452	71	406	70	350	70	273	64	203	59	171	58
Building Fund	-	-	-	-	-	-	16	4	16	5	16	5
Specific Funds	4	1	3	1	3	1	3	1	4	1	4	1
Endowment Funds	71	11	70	12	59	12	55	13	52	15	40	14
Regional Committees	36	6	33	6	31	6	28	7	24	7	21	7
Benevolent Fund	77	12	67	12	57	11	50	12	46	13	40	14
	640	100	579	100	500	100	425	100	345	100	292	100
INCOME & EXPENDITURES												
Income	533	100	459	100	403	100	366	100	329	100	281	100
Expenditure	472	89	380	83	328	81	286	78	264	80	243	87
Operating Surplus	61	11	79	17	75	19	80	22	65	20	38	13

Horizontal Analysis

Rupees in million
Change over preceding year (%)

	2014	%	2013	%	2012	%	2011	%	2010	%	2009
ASSETS AND LIABILITIES											
Property, plant and equipment	225	23	184	10	168	8	155	(4)	162	-	162
Other long term assets	160	76	91	(18)	111	(43)	194	52	128	49	86
Current assets	359	(1)	361	33	272	111	129	25	103	(1)	104
Current liabilities	104	(82)	(57)	(12)	(51)	(4)	(53)	(10)	(48)	(20)	(60)
Net assets	640		579		500		425		345		293
REPRESENTED BY											
		11									
General Fund	452	-	406	16	350	28	273	34	203	19	171
Building Fund	-	33	-	-	-	(100)	16	-	16	-	16
Specific Funds	4	1	3	-	3	-	3	(25)	4	-	4
Endowment Funds	71	9	70	19	59	7	55	6	52	30	40
Regional Committees	36	15	33	6	31	11	28	17	24	14	21
Benevolent Fund	77		67	18	57	14	50	9	46	15	40
	640		579		500		425		345		293
INCOME & EXPENDITURES											
Income	533	16	459	14	403	10	366	11	329	17	281
Expenditures	472	24	380	16	328	15	286	8	264	8	243
Operating Surplus	61	(23)	79	5	75	(6)	80	24	65	72	38

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Qasim E. Causer

Chartered Accountant

2nd Floor, Block C, Lakson Square,
Building 1, Sarwar Shaheed Road,
Karachi-74200

Abdul Hameed Chaudhri

Chartered Accountant

H.M. House
7 Bank Square
Lahore.

Introduction

We have audited the accompanying financial statements of THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN (the Institute) which comprises the balance sheet as at June 30, 2014, and the related statement of comprehensive income, statement of cash flow and statement of changes in funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Institute as of June 30, 2014 and of its financial performance, its cash flows and changes in funds for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Qasim E. Causer

Chartered Accountant

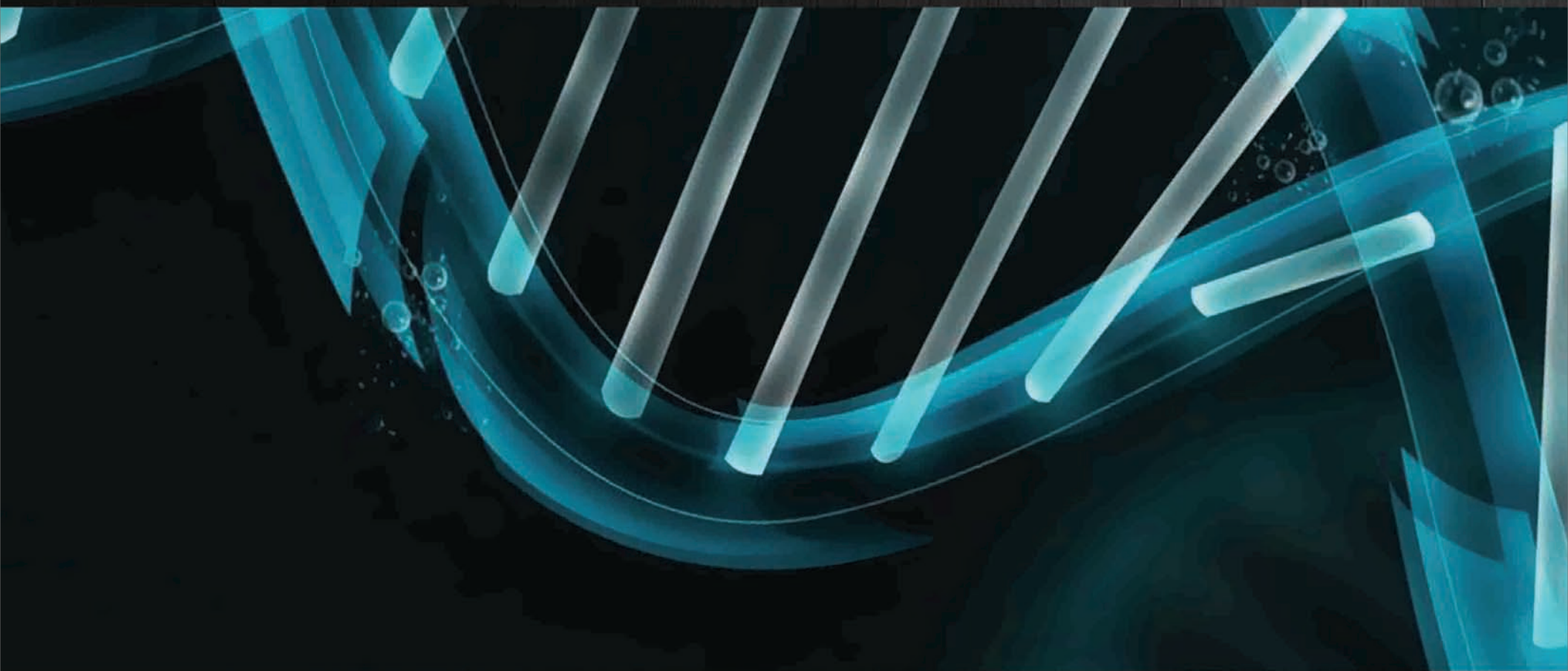
Karachi

Abdul Hameed Chaudhri

Chartered Accountant

Lahore

Dated: August 07, 2014



FINANCIAL STATEMENTS



Balance Sheet *As at June 30, 2014*

	Note	2014 Rupees in '000	2013
NON-CURRENT ASSETS			
Property, plant and equipment	5	225,038	183,561
Intangible assets	6	17,805	3,875
Long term investments	7	134,236	81,853
Loans, advances and deposits	8	7,334	5,874
		<u>384,413</u>	<u>275,163</u>
CURRENT ASSETS			
Stock of study packs, publications and souvenirs	9	11,829	6,778
Short term investments	10	280,040	314,621
Loans, advances, prepayments and other receivables	11	21,728	11,676
Cash and bank balances	12	45,841	28,336
		<u>359,438</u>	<u>361,411</u>
CURRENT LIABILITIES			
Creditors, accrued expenses and other liabilities	13	44,770	24,236
Fee and charges received in advance	14	59,400	33,171
		<u>104,170</u>	<u>57,407</u>
NET CURRENT ASSETS		<u>255,268</u>	<u>304,004</u>
CONTINGENCIES AND COMMITMENTS	15		
NET ASSETS		<u>639,681</u>	<u>579,167</u>
REPRESENTED BY:			
General Fund		452,199	405,888
Specific Fund		3,520	3,292
Endowment Funds		71,046	70,283
Regional Committees		35,894	33,053
Benevolent Fund		77,022	66,651
		<u>639,681</u>	<u>579,167</u>

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

Secretary

President

Statement of Comprehensive Income *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
INCOME			
Members' subscription	16	100,029	89,245
Examination and other fees	17	303,065	259,285
Education and training fees	18	66,536	49,221
Publications	19	6,966	8,322
Other income	20	11,536	8,249
		<u>488,132</u>	<u>414,322</u>
EXPENDITURE			
Salaries, allowances and other benefits	21	180,415	146,691
Examination charges		59,512	60,579
Depreciation	5.2	25,053	21,462
Travelling and related expenses	22	21,579	18,412
Study packs and other publications	23	37,588	10,455
Utilities		19,837	19,297
Postage and telephone		12,035	10,107
Repairs and maintenance		20,738	15,250
Printing and stationery		9,761	9,046
Rent, rates and taxes		10,597	6,795
Advertisement and exhibition		12,268	9,485
Amortisation of intangible assets	6	4,181	324
Financial assistance to students	24	5,022	3,917
Financial assistance by benevolent fund		9,437	8,177
Vehicles maintenance and running cost		8,079	6,455
Legal and professional charges		8,046	5,885
Others	25	28,192	27,825
		<u>472,340</u>	<u>380,162</u>
Excess of income over expenditure before finance income		<u>15,792</u>	<u>34,160</u>
Finance income	26	44,782	44,115
		<u>60,574</u>	<u>78,275</u>
Excess of income over expenditure for the year			
Other comprehensive income:			
Items that may subsequently be reclassified to income or expenditure			
(Deficit) / surplus on remeasurement of available for sale investments		(60)	747
Total comprehensive income for the year		<u>60,514</u>	<u>79,022</u>
ATTRIBUTABLE TO:			
General Fund		47,311	66,018
Specific Fund		228	75
Endowment Funds		763	1,779
Regional Committees		2,841	2,289
Benevolent Fund		9,371	8,861
		<u>60,514</u>	<u>79,022</u>

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

Secretary

President

Statement of Cash Flows *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received:			
Membership		107,767	93,594
Examinations		322,128	261,517
Training		66,536	49,221
Publications		6,945	10,594
Facilities and miscellaneous		9,927	28,029
		513,303	442,955
Cash paid:			
Employees		179,258	146,184
Professional bodies		2,713	2,238
Property tax		860	889
Suppliers and vendors		242,229	234,309
		425,060	383,620
Net cash generated from operating activities		88,243	59,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		(38,537)	27,272
Fixed capital expenditure		(69,229)	(42,361)
Purchase of intangible assets		(21,271)	(92)
Proceeds from sale of operating fixed assets		2,471	1,991
Income received from investments		51,862	28,286
Loans, advances and deposits recovered		1,422	2,830
Loans, advances and deposits paid		(6,615)	97,250
Net cash (used in) / generated from investing activities		(79,897)	115,176
Net increase in cash and cash equivalents		8,346	174,511
Cash and cash equivalents at the beginning of the year		191,840	17,329
Cash and cash equivalents at the end of the year	27	200,186	191,840

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

Secretary

President

Statement of Changes in Funds *For the year ended June 30, 2014*

	General Fund	Specific Fund	Endowment Funds			Regional Committees				Benevolent Fund			Total
			Students' Endowment Fund	Libraries Development Fund	Sub Total	Southern		Northern	Sub Total	Accumulated Fund	Special Reserve Fund	Sub Total	
						Accumulated Fund	H.J. Irani Memorial Fund	Accumulated Fund					
----- Rupees in '000 -----													
Balance as at July 1, 2012	349,870	3,217	52,591	5,913	58,504	18,863	120	11,781	30,764	56,951	839	57,790	500,145
Transferred to Students' Endowment Fund	(10,000)	-	10,000	-	10,000	-	-	-	-	-	-	-	-
Total comprehensive income for the year ended June 30, 2013													
Excess of income over expenditure for the year	66,018	75	1,442	337	1,779	1,877	7	405	2,289	8,114	-	8,114	78,275
Other comprehensive income	-	-	-	-	-	-	-	-	-	747	-	747	747
	66,018	75	1,442	337	1,779	1,877	7	405	2,289	8,861	-	8,861	79,022
Balance as at June 30, 2013	405,888	3,292	64,033	6,250	70,283	20,740	127	12,186	33,053	65,812	839	66,651	579,167
Balance as at July 1, 2013	405,888	3,292	64,033	6,250	70,283	20,740	127	12,186	33,053	65,812	839	66,651	579,167
Transferred to Benevolent Fund	(1,000)	-	-	-	-	-	-	-	-	1,000	-	1,000	-
Total comprehensive income for the year ended June 30, 2014													
Excess of income over expenditure for the year	47,311	228	381	382	763	2,431	10	400	2,841	9,431	-	9,431	60,574
Other comprehensive loss	-	-	-	-	-	-	-	-	-	(60)	-	(60)	(60)
	47,311	228	381	382	763	2,431	10	400	2,841	9,371	-	9,371	60,514
Balance as at June 30, 2014	452,199	3,520	64,414	6,632	71,046	23,171	137	12,586	35,894	76,183	839	77,022	639,681

The Council in its 245th meeting held on May 07, 2013, decided to appropriate Rs. 1 million from General Fund to Benevolent Fund.

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

Secretary

President

Notes to the Financial Statements *For the year ended June 30, 2014*

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.

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.

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.

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 dependents 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 under the Companies Ordinance, 1984 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 Pakistani rupees which is the functional currency of the Institute and figures are rounded off to the nearest thousands of rupees unless otherwise specified.

2.3 New and amended standards and interpretations

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 1, 2013 but are considered not to be relevant or to have any significant effect on the Institute's operations and are, therefore, not detailed in these financial statements.

Notes to the Financial Statements *For the year ended June 30, 2014*

2.3.2 Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Institute

The following amendments to published standards are not effective (although available for early adoption) for the financial year beginning on July 1, 2013 and have not been early adopted by the Institute:

- (a) Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-2012 cycle of annual improvements project that affect seven standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment', IAS 24, 'Related party disclosures' and IAS 38, 'Intangible assets'. The Institute does not expect to have material impact on its financial statements due to application of these amendments.
- (b) Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2011-2013 cycle of annual improvements project that affect four standards: IFRS 1, 'First-time adoption of International Financial Reporting Standards', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. These amendments do not have any impact on the Institute's financial statements.
- (c) IAS 32 (Amendment), 'Financial instruments: Presentation', is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The Institute shall apply this amendment from July 1, 2014 and does not expect a material impact on its financial statements.
- (d) IAS 36 (Amendment), 'Impairment of assets', is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Institute shall apply this amendment from July 1, 2014 and this will only affect the disclosures in the Institute's financial statements in the event of impairment.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Institute and therefore, have not been presented here.

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 the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgements in the process of applying the Institute's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Institute makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, such differences are estimated to be insignificant and hence will not affect the true and fair presentation of the financial statements. The assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Judgements made by management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year are discussed in respective policy note. The areas where various assumptions and estimates are significant to the Institute's financial statements or where judgements were exercised in application of accounting policies are as follows:

Notes to the Financial Statements *For the year ended June 30, 2014*

- (i) Estimate of useful lives and residual values of property, plant and equipment and intangible assets [notes 4.1 and 4.2]
- (ii) Provision against interest free education loans [note 4.3]
- (iii) Realizable amounts of slow moving and obsolete stock of publications [note 4.7].

3.3 Change in accounting estimate

During the year, the Institute has reviewed the expected pattern of consumption of its intangible assets - computer software licenses. This has resulted in change of amortisation method from reducing balance to straight line to reflect the changed pattern. Such a change has been accounted for prospectively in the financial statements as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had there been no change in the accounting estimate, the profit for the year ended June 30, 2014 and carrying value of intangible assets as at that date would have been higher by Rs. 0.43 million.

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.

4.1 Property, plant and equipment

4.1.1 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 5.2. Depreciation on additions is charged from the day on which the asset is put to use and on disposals, up to the day the asset has been in use.

Land acquired free of cost is accounted for at a nominal value as per guidelines for Accounting and Financial Reporting by Non-government Organizations / 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 recognised 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 recognised in the statement of comprehensive income.

Subsequent costs are included in the assets' carrying amount or 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.

Notes to the Financial Statements *For the year ended June 30, 2014*

4.1.2 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.

4.2 Intangible assets

Intangible assets, which are stated at cost less accumulated amortisation and impairment losses, if any, represent the cost of computer software licenses and development cost of study pack materials.

Costs associated with maintaining these assets are charged to the statement of comprehensive income as and when incurred, however, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset.

All intangible assets are estimated to have definite useful lives and are amortised using the straight line method over a period of 3 years. Amortisation on addition is charged from the month in which asset is available for use while no amortisation is charged for the month in which the asset is disposed-off.

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 in accounting estimate.

4.3 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.

4.4 Financial instruments

4.4.1 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.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Notes to the Financial Statements *For the year ended June 30, 2014*

(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.

Recognition and 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 income or expenditure 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.

4.4.2 Financial liabilities

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

4.5 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.

4.6 Impairment

4.6.1 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.

4.6.2 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.

Notes to the Financial Statements *For the year ended June 30, 2014*

4.7 Stock of study packs, publications and souvenirs

Stock of study packs, publications and souvenirs are stated at lower of cost and net realizable value. Cost is determined on first-in first-out basis.

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

4.8 Loans, advances, prepayments and other receivables

These are stated net of any allowance for uncollectable amounts (if any).

4.9 Cash and cash equivalents

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.

4.10 Staff retirement benefit

Defined contribution plan

The Institute 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.

4.11 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.

4.12 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.

4.13 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 recognised 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.

Notes to the Financial Statements *For the year ended June 30, 2014*

4.14 Foreign currency transactions and translation

The foreign currency transactions are translated into functional currency using the exchange rates prevailing on the dates of transactions. The closing balance of non-monetary items is included at the exchange rate prevailing on the date of transaction and monetary items are translated using the exchange rate prevailing on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of comprehensive income.

4.15 Segment reporting

An operating segment is an identifiable component of the Institute that engages in 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.

4.16 Appropriation of general funds

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

	Note	2014	2013
		Rupees in '000	
5. PROPERTY, PLANT AND EQUIPMENT			
Leasehold land - Preedy Street, Karachi	5.1	18	18
Operating fixed assets	5.2	203,371	180,215
Capital work in progress	5.5	21,649	3,328
		<u>225,038</u>	<u>183,561</u>
5.1 Leasehold land - Preedy Street, Karachi			

The Institute's leasehold land at Preedy Street, Karachi, is occupied by squatters. The members in their 51st Annual General Meeting held on September 20, 2012 has authorized the Council to proceed for the sale of this land at best price available.

Notes to the Financial Statements *For the year ended June 30, 2014*

5.2 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 in '000											
As at July 1, 2012											
Cost	1,601	4,581	95,397	22,679	6,883	43,964	26,656	32,127	48,827	1,612	284,327
Accumulated depreciation	-	-	(32,765)	(6,805)	(3,904)	(21,528)	(12,718)	(11,334)	(26,410)	(1,016)	(116,480)
Net book value	1,601	4,581	62,632	15,874	2,979	22,436	13,938	20,793	22,417	596	167,847
Year ended June 30, 2013											
Opening net book value	1,601	4,581	62,632	15,874	2,979	22,436	13,938	20,793	22,417	596	167,847
Additions	-	-	2,117	-	5,634	2,456	4,953	11,112	9,457	144	35,873
Disposals (note 5.3)											
- cost	-	-	-	-	(2,935)	(841)	(1,013)	(652)	(3,224)	-	(8,665)
- accumulated depreciation	-	-	-	-	2,103	629	647	440	2,803	-	6,622
Depreciation for the year	-	-	(3,138)	(794)	(1,029)	(3,586)	(1,685)	(5,025)	(6,131)	(74)	(21,462)
Closing net book value	1,601	4,581	61,611	15,080	6,752	21,094	16,840	26,668	25,322	666	180,215
As at June 30, 2013											
Cost	1,601	4,581	97,514	22,679	9,582	45,579	30,596	42,587	55,060	1,756	311,535
Accumulated depreciation	-	-	(35,903)	(7,599)	(2,830)	(24,485)	(13,756)	(15,919)	(29,738)	(1,090)	(131,320)
Net book value	1,601	4,581	61,611	15,080	6,752	21,094	16,840	26,668	25,322	666	180,215
Year ended June 30, 2014											
Opening net book value	1,601	4,581	61,611	15,080	6,752	21,094	16,840	26,668	25,322	666	180,215
Additions	-	-	1,802	1,898	3,048	13,235	8,679	9,093	13,153	-	50,908
Disposals (note 5.3)											
- cost	-	-	-	(63)	-	(515)	(663)	(4,944)	(2,184)	-	(8,369)
- accumulated depreciation	-	-	-	31	-	370	557	3,113	1,769	-	5,840
Written-off (note 5.4)	-	-	-	(32)	-	(145)	(106)	(1,831)	(415)	-	(2,529)
Depreciation for the year	-	-	(3,137)	(828)	(1,306)	(3,859)	(2,102)	(6,311)	(7,437)	(73)	(25,053)
Closing net book value	1,601	4,581	60,276	16,118	8,494	30,323	23,217	27,619	30,549	593	203,371
As at June 30, 2014											
Cost	1,601	4,581	99,316	24,514	12,630	58,235	38,295	46,736	65,661	1,756	353,325
Accumulated depreciation	-	-	(39,040)	(8,396)	(4,136)	(27,912)	(15,078)	(19,117)	(35,112)	(1,163)	(149,954)
Net book value	1,601	4,581	60,276	16,118	8,494	30,323	23,217	27,619	30,549	593	203,371
Annual rate of depreciation (% per annum)	-	-	5	5	15	10 - 20	10 - 20	20	10 - 33	10 - 33	

Notes to the Financial Statements *For the year ended June 30, 2014*

5.2.1 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.

5.3 The details of operating fixed assets disposed-off during the year are as follows:

Assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / gain	Mode of disposal	Particulars of buyers
-----Rupees in '000-----							
Building on freehold land							
Stairs	63	31	32	1	(31)	Tender	Mr. Zohaib Bashir, Lahore
Electrical fittings and appliances							
Air conditioners	438	316	122	85	(37)	Tender	Mr. Zohaib Bashir, Lahore
DB charges	69	47	22	2	(20)	Tender	Mr. Zohaib Bashir, Lahore
Tube lights	8	7	1	1	-	Tender	M/s. Dilawar & Brothers, Karachi
	515	370	145	88	(57)		
Furniture and fixtures							
Auditorium chairs	73	60	13	10	(3)	Tender	Mr. Zohaib Bashir, Lahore
Carpet	278	270	8	2	(6)	Tender	Mr. Zohaib Bashir, Lahore
Chairs	60	41	19	6	(13)	Tender	Mr. Zohaib Bashir, Lahore
Desk	12	8	4	2	(2)	Tender	Mr. Zohaib Bashir, Lahore
Table	1	1	-	1	1	Tender	Mr. Zohaib Bashir, Lahore
Venetian blinds	116	86	30	3	(27)	Tender	Mr. Zohaib Bashir, Lahore
Board	2	2	-	-	-	Tender	M/s. Dilawar & Brothers, Karachi
Book shelf	17	8	9	9	-	Tender	M/s. Dilawar & Brothers, Karachi
Revolving chair	11	9	2	1	(1)	Tender	M/s. Dilawar & Brothers, Karachi
Sofa	15	12	3	3	-	Tender	M/s. Dilawar & Brothers, Karachi
Table - Folding	53	38	15	13	(2)	Tender	M/s. Dilawar & Brothers, Karachi
Tables	18	17	1	-	(1)	Tender	M/s. Dilawar & Brothers, Karachi
Wall hanging stand	7	5	2	-	(2)	Tender	M/s. Dilawar & Brothers, Karachi
	663	557	106	50	(56)		
Vehicles							
Suzuki Alto	513	354	159	159	-	As per Institute's policy	Ms. Fatima Shafi - employee
Suzuki Cultus	647	440	207	207	-	As per Institute's policy	Mr. M. Owais Mukati - employee
Suzuki Cultus	652	443	209	209	-	As per Institute's policy	Mr. Zulfiqar A. Sheikh- employee
Honda Civic	1,792	1,202	590	590	-	As per Institute's policy	Mr. Syed Masood Akhtar - employee
Honda City	1,340	674	666	960	294	As per Institute's policy	Mr. Kamran Ahmad - ex-employee
	4,944	3,113	1,831	2,125	294		

Notes to the Financial Statements *For the year ended June 30, 2014*

Assets	Cost	Accumulated depreciation	Net book value	Sale proceeds	(Loss) / gain	Mode of disposal	Particulars of buyers
-----Rupees in '000-----							
Office equipment							
Cell phone-Black Berry	56	1	55	35	(20)	Negotiation	M/s. FS Electronics, Karachi
Cell phone-Black Berry	30	9	21	5	(16)	Trade in	M/s. FS Electronics, Karachi
Cell phone-Black Berry	27	17	10	1	(9)	Trade in	M/s. FS Electronics, Karachi
Fax machine	30	29	1	1	-	Tender	Mr. Zohaib Bashir, Lahore
Fax machine	16	13	3	2	(1)	Tender	M/s. Dilawar & Brothers, Karachi
Multimedia	63	30	33	20	(13)	Tender	M/s. Dilawar & Brothers, Karachi
Paper shredder	384	274	110	46	(64)	Tender	M/s. Dilawar & Brothers, Karachi
Television	8	6	2	1	(1)	Tender	M/s. Dilawar & Brothers, Karachi
UPS	96	37	59	24	(35)	Tender	M/s. Dilawar & Brothers, Karachi
Voice recorder	6	4	2	1	(1)	Tender	M/s. Dilawar & Brothers, Karachi
Desktop PCs	189	151	38	5	(33)	Tender	Mr. Zohaib Bashir, Lahore
Desktop PCs	683	662	21	13	(8)	Tender	M/s. Dilawar & Brothers, Karachi
Laptop	193	182	11	8	(3)	Tender	M/s. Dilawar & Brothers, Karachi
Monitor	142	133	9	7	(2)	Tender	M/s. Dilawar & Brothers, Karachi
Monitor	11	11	-	-	-	Tender	M/s. Dilawar & Brothers, Karachi
Network switch	33	33	-	-	-	Tender	M/s. Dilawar & Brothers, Karachi
Printer	136	130	6	4	(2)	Tender	M/s. Dilawar & Brothers, Karachi
Laptop	81	47	34	34	-	As per Institute's policy	Mr. Haroon Adeel - ex-employee
	2,184	1,769	415	207	(208)		
June 30, 2014:	8,369	5,840	2,529	2,471	(58)		
June 30, 2013:	8,665	6,622	2,043	1,991	(52)		

Notes to the Financial Statements *For the year ended June 30, 2014*

5.4 The details of operating fixed assets written-off during the year as per Council's decision are as follows:

Assets	Cost	Accumulated depreciation	Net book value
Rupees in '000			
Electrical fittings and appliances			
Tube lights	64	62	2
Furniture and fixtures			
Cabinet	11	9	2
Carpet	75	72	3
Chair	2	2	-
Counter	13	9	4
Sign boards	12	7	5
Steel almirah	6	5	1
Table	158	100	58
Venetian blinds	40	19	21
	317	223	94
Office equipment			
Microwave oven	6	4	2
PABX/Mobile/Telephone	24	16	8
UPS	248	192	56
Voice recorder	17	11	6
Water cooler	17	16	1
Network Switch	26	26	-
Printer	20	20	-
Scanner	10	9	1
	368	294	74
June 30, 2014:	749	579	170
June 30, 2013:	-	-	-

Note

2014

2013

Rupees in '000

5.5 Capital work-in-progress

Buildings	10,611	-
Generators	-	1,185
Electric fittings and appliances	3,424	123
Furniture and fixtures	7,614	-
Vehicles	-	2,020
	<u>21,649</u>	<u>3,328</u>

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
6. INTANGIBLE ASSETS			
Net book value as at June 30,	6.1	17,805	715
Development cost of study packs in-progress	6.2	-	3,160
		<u>17,805</u>	<u>3,875</u>

6.1 Reconciliation of the carrying amount at the beginning and end of the year:

	Computer software licenses	Development cost of study packs	Total
	Rupees in '000		
As at July 1, 2012			
Cost	3,236	-	3,236
Accumulated amortisation	(2,289)	-	(2,289)
Net book value	<u>947</u>	<u>-</u>	<u>947</u>
Year ended June 30, 2013			
Opening net book value	947	-	947
Additions	91	-	91
Amortisation charge	(323)	-	(323)
Closing net book value	<u>715</u>	<u>-</u>	<u>715</u>
As at June 30, 2013			
Cost	3,327	-	3,327
Accumulated amortisation	(2,612)	-	(2,612)
Net book value	<u>715</u>	<u>-</u>	<u>715</u>
Year ended June 30, 2014			
Opening net book value	715	-	715
Additions	157	21,114	21,271
Amortisation charge	(691)	(3,490)	(4,181)
Closing net book value	<u>181</u>	<u>17,624</u>	<u>17,805</u>
As at June 30, 2014			
Cost	3,484	21,114	24,598
Accumulated amortisation	(3,303)	(3,490)	(6,793)
Net book value	<u>181</u>	<u>17,624</u>	<u>17,805</u>
Annual rate of amortisation	<u>33.33%</u>	<u>33.33%</u>	

Notes to the Financial Statements *For the year ended June 30, 2014*

6.1.1 Intangible assets as at June 30, 2014 include items having an aggregate cost of Rs. 3.24 million that have been fully amortised and are still in use of the Institute.

6.2 This represented cost incurred on development of new study packs / materials in cooperation with an International Publishing House. The development work has been completed and cost aggregating to Rs. 21.114 million are being amortised over a period of three years, commencing from January 1, 2014.

	Note	2014	2013
		Rupees in '000	
7. LONG TERM INVESTMENTS			
Held to maturity			
General Fund	7.1	57,750	-
Specific Fund: Prize Fund	7.2	489	1,400
Endowment Funds	7.3	28,481	11,000
Southern Regional Committee	7.4	13,613	17,604
Benevolent Fund	7.5	33,903	51,849
		<u>134,236</u>	<u>81,853</u>
7.1 General Fund			
Pakistan Investment Bonds	7.1.1	<u>57,750</u>	<u>-</u>

7.1.1 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 58.38 million (2013: nil). Profit is receivable on half yearly basis with yield at the rates ranging from 11.75% to 12.03% per annum. These PIBs have term of three years and are maturing in July 2016.

	Note	2014	2013
		Rupees in '000	
7.2 Specific Fund: Prize Fund			
Pakistan Investment Bond	7.2.1	489	-
Term Deposit Receipts		<u>-</u>	<u>1,400</u>
		<u>489</u>	<u>1,400</u>

7.2.1 This represents investment in a Pakistan Investment Bonds (PIBs) having face value of Rs. 0.49 million (2013: nil). Profit is receivable on half yearly basis with yield at the rate of 11.85% per annum. This PIB has a term of three years and is maturing in July 2016.

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
7.3 Endowment Funds			
Students' Endowment Fund			
Pakistan Investment Bonds	7.3.1	25,566	-
Term Deposit Receipts		-	11,000
Libraries Development Fund			
Pakistan Investment Bonds	7.3.2	2,915	-
		<u>28,481</u>	<u>11,000</u>

7.3.1 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 25.87 million (2013: nil). Profit is receivable on half yearly basis with yield at the rates ranging from 11.85% to 12.03% per annum. These PIBs have term of three years and are maturing in July 2016.

7.3.2 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 2.95 million (2013: nil). Profit is receivable on half yearly basis with yield at rates ranging from 11.85% to 12.03% per annum. These PIBs have term of three years and are maturing in July 2016.

	Note	2014	2013
		Rupees in '000	
7.4 Southern Regional Committee			
Certificates of Islamic Investments			
- Accumulated Fund	7.4.1	13,476	17,477
- H. J. Irani Memorial Fund	7.4.2	137	127
		<u>13,613</u>	<u>17,604</u>

7.4.1 This represents placements in Certificates of Islamic Investments of a bank costing Rs. 13.47 million (2013: Rs. 16.03 million). These certificates carry expected mark-up at rates ranging between 7.54% and 9.06% (2013: 8.89% and 9.78%) per annum and are maturing on various dates latest by June 24, 2019. Accrued mark-up aggregating to Rs. 0.003 million (2013: Rs. 1.44 million) is included in the carrying value.

7.4.2 This represents placement in a Certificate of Islamic Investment issued by a bank costing Rs. 0.12 million (2013: Rs. 0.12 million). This certificate carries expected mark-up at rates ranging between 7.88% and 8.05% (2013: 7.95% and 9.78%) per annum and will mature on October 31, 2015. Mark-up accrued thereon, to date, amounting to Rs. 0.02 million (2013: Rs. 0.01 million) is included herein.

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
7.5 Benevolent Fund			
Defence Savings Certificates	7.5.1	3,820	3,390
Special Saving Certificates	7.5.2	30,083	48,459
		<u>33,903</u>	<u>51,849</u>

7.5.1 This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 2.00 million (2013: Rs. 2.00 million). These certificates have been placed for a term of 10 years, maturing on April 7, 2020. These carry mark-up at rate of 12.15% (2013: 12.15%) per annum. Accrued mark-up aggregating to Rs. 1.82 million (2013: Rs. 1.39 million) is included in the carrying value.

7.5.2 This represents investment in Special Saving Certificates, having aggregate face value of Rs. 23.94 million (2013: Rs. 42.84 million). These certificates have been placed for a term of 3 years maturing on August 23, 2015. These carry mark-up at rate of 13.48% (2013: 13.48%) per annum. Accrued mark-up aggregating to Rs. 6.14 million (2013: Rs. 5.61 million) is included in the carrying value.

	Note	2014	2013
		Rupees in '000	
8. LOANS, ADVANCES AND DEPOSITS			
Motor cycle loans (secured - considered good)	8.1	711	671
Less: Recoverable within one year grouped under current assets		<u>260</u>	<u>346</u>
		451	325
Advances (secured - considered good)	8.2 & 8.3	1,883	246
Less: Recoverable within one year grouped under current assets		<u>402</u>	<u>93</u>
		1,481	153
Qarz-e-Hasna loans		-	181
Interest free education loans - unsecured			
- considered good		2,748	3,446
- considered doubtful		<u>2,820</u>	<u>2,800</u>
		5,568	6,246
Less: Provision for doubtful loans		<u>2,820</u>	<u>2,800</u>
		2,748	3,446
Deposits		2,654	1,769
		<u>7,334</u>	<u>5,874</u>

Notes to the Financial Statements *For the year ended June 30, 2014*

- 8.1** These represent interest free loans to the employees of the Institute for purchase of motor cycles and are recoverable in monthly installments over the period of 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.
- 8.2** These represent interest free special advances which are given to employees for various reasons in accordance with Institute's policy. These advances are recoverable in 60 equal monthly installments and are secured against employees retirement benefit.
- 8.3** This includes Rs. 1.599 million (2013: Rs. 0.187 million) due from key management personnel.

	Note	2014	2013
		Rupees in '000	
9. STOCK OF STUDY PACKS, PUBLICATIONS AND SOUVENIRS			
Stock of study packs		7,473	-
Stock of publications and souvenirs		4,356	6,778
		<u>11,829</u>	<u>6,778</u>
10. SHORT TERM INVESTMENTS			
Held to maturity			
General Fund	10.1	186,191	246,832
Specific Fund: Prize Fund	10.2	2,729	1,867
Endowment Funds	10.3	33,323	42,564
Southern Regional Committee	10.4	6,520	819
Northern Regional Committee	10.5	9,144	9,000
Benevolent Fund	10.6	38,463	9,809
Available for sale			
Benevolent Fund	10.6	3,670	3,730
		<u>280,040</u>	<u>314,621</u>
10.1 General Fund			
Term Deposit Receipts	10.1.1	186,191	198,137
Special Saving Certificates		-	48,695
		<u>186,191</u>	<u>246,832</u>

- 10.1.1** This represents placements in Term Deposit Receipts (TDRs) of financial institutions, having aggregate face value of Rs. 175.00 million (2013: Rs. 184.20 million). These TDRs carry mark-up at rates ranging between 8.70% and 9.85% (2013: 8.90% and 14.00%) per annum and are maturing on various dates upto January 2015. Accrued mark-up aggregating to Rs. 11.19 million (2013: Rs. 13.93 million) is included in the carrying value.

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
10.2 Specific Fund: Prize Fund			
Term Deposit Receipts	10.2.1	2,729	1,867

10.2.1 This represents placements in Term Deposit Receipts (TDRs) of financial institutions, having aggregate face value of Rs. 2.70 million (2013: Rs. 1.80 million). These carry mark-up at rates ranging between 9.00% and 12.00% (2013: 8.00% and 9.70%) per annum and are maturing on various dates upto April 2015. Accrued mark-up aggregating to Rs. 0.029 million (2013: Rs. 0.06 million) is included in the carrying value.

	Note	2014	2013
		Rupees in '000	
10.3 Endowment Funds			
Students' Endowment Fund			
Term Deposit Receipts	10.3.1	31,165	39,403
Libraries Development Fund			
Term Deposit Receipts	10.3.2	2,158	3,161
		33,323	42,564

10.3.1 This represents placements in Term Deposit Receipts (TDRs) of financial institutions, having aggregate face value of Rs. 30.00 million (2013: Rs. 37.29 million). These TDRs carry mark-up at rates ranging between 8.75% and 12.00% (2013: 9.40% and 12.70%) per annum and are maturing on various dates upto January 2015. Accrued mark-up aggregating to Rs. 1.17 million (2013: Rs. 2.11 million) is included in the carrying value.

10.3.2 This represents placements in Term Deposit Receipts (TDRs) of financial institutions, having aggregate face value of Rs. 2.00 million (2013: Rs. 3.00 million). These TDRs carry mark-up at rate of 8.75% (2013: at the rates ranged between 9.70% and 12.70%) per annum and are maturing on various dates upto August 2014. Accrued mark-up aggregating to Rs. 0.16 million (2013: Rs. 0.16 million) is included in the carrying value.

	Note	2014	2013
		Rupees in '000	
10.4 Southern Regional Committee			
Certificates of Islamic Investment Accumulated Fund	10.4.1	6,520	819

10.4.1 This represents placements in Certificates of Islamic Investment, issued by a financial institution aggregating to Rs. 6.0 million (2013: Rs. 0.80 million). These certificates carry mark-up at rates ranging between 7.36% and 7.58% (2013: 7.72% and 9.10%) per annum maturing at various dates upto June 30, 2015. Accrued mark-up aggregating to Rs. 0.51 million (2013: Rs. 0.01 million) is included in the carrying value.

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
10.5 Northern Regional Committee			
Certificates of Islamic Investment	10.5.1	9,144	9,000

10.5.1 This represents placements in Certificates of Islamic Investment, issued by a financial institution aggregating to Rs. 9.00 million (2013: Rs. 9.00 million). These certificates carry mark-up at the rate of 8.93% (2013: 10.50%) per annum and are maturing on April 23, 2015.

	Note	2014	2013
		Rupees in '000	
10.6 Benevolent Fund			
Held to maturity			
Treasury bills	10.6.1	14,154	9,809
Special Saving Certificates	10.6.2	24,309	-
		38,463	9,809
Available for sale			
Investments in equity shares	10.6.3	3,670	3,730
		42,133	13,539

10.6.1 This represents investment in Treasury Bills, issued by State Bank of Pakistan costing Rs. 13.81 million (2013: Rs. 9.79 million). These bills carry mark-up at rate of 9.80% (2013: at rates ranged between 8.91% and 9.30%) per annum maturing on various dates upto November 13, 2014. Accrued mark-up aggregating to Rs. 0.34 million (2013: Rs. 0.01 million) is included in the carrying value.

10.6.2 This represents investment in Special Saving Certificates, having aggregate face value of Rs. 18.90 million (2013: nil). These certificates have been placed for a term of 3 years and are maturing on various dates upto June 2015. These carry mark-up at rate of 13.48% (2013: nil) per annum. Accrued mark-up aggregating Rs. 5.41 million (2013: nil) is included in the carrying value.

	Note	2014	2013
		Rupees in '000	
10.6.3 Investments in equity shares			
The Hub Power Company Limited			
As on July 1,		2,466	1,676
(Deficit) / surplus on re-measurement		(116)	790
Market value of 40,000 ordinary shares as on June 30		2,350	2,466
Fauji Fertilizer Company Limited			
As on July 1,		1,264	1,306
Surplus / (deficit) on re-measurement		56	(42)
Market value of 11,767 ordinary shares as on June 30		1,320	1,264
		3,670	3,730

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
11. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Current portion of motor cycle loans and long term advances	8	662	439
Advances: (considered good)			
Secured:			
- executives (key management personnel)		291	15
- employees		282	256
- executive for incurring expenses		-	399
		573	670
Unsecured:			
- income tax		2,167	1,413
- rent		3,390	1,466
- suppliers and others		390	1,927
		5,947	4,806
Prepayments		4,805	2,759
Mark-up / profit accrued on:			
- term deposit receipts / PLS accounts / certificate of investments		323	258
- Pakistan Investment Bonds		4,430	-
		4,753	258
Other receivables	11.1	4,988	2,744
		21,728	11,676
11.1 Other receivables			
Considered good			
Advertisement income receivable		63	93
Due from Registered Accounting Education Tutors (RAETs)		-	44
Due on account of utilization of facilities		-	258
Due on account of conferences		821	55
Fee in-transit	11.1.1	3,742	895
Miscellaneous	11.1.2	362	1,399
		4,988	2,744

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

11.1.2 This includes Rs. 0.247 million (2013: Rs. 0.029 million) receivable from key management personnel.

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
12. CASH AND BANK BALANCES			
General Fund			
Cash in hand			
Local currency		231	184
Foreign currency		291	62
		522	246
Cash at banks in:			
- Current accounts			
Local currency		1,022	535
Foreign currency		99	99
		1,121	634
- PLS Saving accounts			
Local currency	12.1	31,927	15,268
Foreign currency	12.2	3,762	2,659
		35,689	17,927
Prize Fund			
Cash at banks in PLS Saving accounts	12.1	252	25
Students' Endowment Fund			
Cash at banks in:			
- Current accounts		792	793
- PLS Saving accounts	12.1	615	469
		1,407	1,262
Southern Regional Committee			
Cash in hand		8	25
Cash at banks in:			
- Current accounts		1,430	2,808
- PLS Saving accounts		1,288	49
		2,718	2,857
Northern Regional Committee			
Cash in hand		36	48
Cash at banks in:			
- Current accounts		121	261
- PLS Saving accounts		2,775	2,016
		2,896	2,277
Benevolent Fund			
Cash at banks in PLS Saving accounts		1,192	3,035
		45,841	28,336
12.1	These carry mark-up at a rate upto 7.00% (2013: 6.00%) per annum.		
12.2	These carry mark-up at a rate upto 0.10% (2013: 0.10%) per annum.		

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
13. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES			
Creditors		22,732	7,236
Accrued expenses			
- examination conducting charges		6,000	6,000
- bonus to employees		3,433	2,276
- due to South Asian Federation of Accountants (SAFA)		761	548
- Others	13.1	3,137	1,826
		13,331	10,650
Other liabilities			
- Chartered Accountant Students' Association		523	626
- Retention money		3,695	1,874
- IFRS Foundation royalty		851	903
- Others	13.1	3,638	2,947
		8,707	6,350
		44,770	24,236

13.1 This includes Rs. 1.434 million (2013: Rs. 0.162 million) and 0.131 million (2013: Rs. 0.239 million) payable to Council Members and key management personnel respectively.

	Note	2014	2013
		Rupees in '000	
14. FEE AND CHARGES RECEIVED IN ADVANCE			
Fee received in advance from / on account of:			
- Members		25,237	17,498
- Examinations		32,110	13,048
- Others		19	1,261
Advance life insurance premium from members		1,944	1,263
Advance health insurance premium from members		90	101
		59,400	33,171

Notes to the Financial Statements *For the year ended June 30, 2014*

15. CONTINGENCIES AND COMMITMENTS

- 15.1** The Appellate Bench of the Competition Commission of Pakistan (the Commission) 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 judgement has been suspended by the Honourable Supreme Court of Pakistan, therefore, no accrual has been made in these financial statements relating to the above referred penalty.
- 15.2** The Competition Commission of Pakistan (the Commission) passed an Order dated January 10, 2013, wherein it has held that ICAP circular dated July 4, 2012, refraining the training organizations from engaging trainees of other accounting bodies is in violation of section 4 of the Competition Act, 2010, and a penalty of Rs. 25 million was also imposed. The Institute has filed a writ petition in the Honourable Lahore High Court against the aforementioned order in addition to appeal filed before Competition Appellate Tribunal. The Honourable High Court in the interim order dated October 23, 2013, has confirmed that the penalty imposed by the Commission, in the above referred order of the Commission, shall not be recovered till final disposal of the writ petition. Based on legal advice, the Institute expects a favourable outcome of the legal proceedings, therefore no provision has been made in these financial statements relating to the above-referred penalty.
- 15.3** Commitments in respect of capital expenditure as at the reporting date aggregated to Rs. 8.58 million (2013: Rs. 14.46 million). Further, commitments in respect of development of new study materials in cooperation with an International Publishing House as at the reporting date amounted to Rs. 8.07 million (2013: Rs. 20.22 million).

16. MEMBERS' SUBSCRIPTION

	Note	2014	2013
		Rupees in '000	
Annual subscription	16.1	88,083	79,044
Admission fee		1,296	1,578
Practicing certificate fee		10,414	8,594
Foreign affiliation fee		182	-
Duplicate identity card fee		54	29
		<u>100,029</u>	<u>89,245</u>
16.1 Annual subscription			
General Fund		72,790	66,675
Southern Region		2,699	2,633
Northern Region		2,025	1,813
Benevolent Fund		10,569	7,923
		<u>88,083</u>	<u>79,044</u>

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
17. EXAMINATION AND OTHER FEES			
Examination fee		260,817	219,579
Annual subscription from students		22,779	19,995
Examination conducting fee		6,092	4,837
Entrance test exemption fee		9,023	9,262
Entrance test fee		3,063	4,728
Fee for duplicate certificates		1,291	884
		<u>303,065</u>	<u>259,285</u>
18. EDUCATION AND TRAINING FEES			
Registration fee		65,514	47,049
Registered Accounting Education Tutors' (RAET) fee		914	2,018
Training organization fee		108	154
		<u>66,536</u>	<u>49,221</u>
19. PUBLICATIONS			
Accounting standards		4,256	5,004
Auditing standards		1,337	1,650
Study packs	19.1	294	-
Gripping IFRS		471	1,143
Miscellaneous		608	525
		<u>6,966</u>	<u>8,322</u>
19.1	This represents income generated from sale of study packs to members, RAETs and others.		
20. OTHER INCOME			
Income derived from utilization of facilities		2,750	3,728
Surplus from seminars and conferences - net	20.1	957	-
Surplus on Directors' Training Programs	20.2	5,967	3,277
Miscellaneous income		568	983
Balances written back		1,294	261
		<u>11,536</u>	<u>8,249</u>
20.1 Net surplus / (deficit) from seminars and conferences			
Income from sponsorship and others		28,485	20,255
Less: Expenses incurred		<u>(27,528)</u>	<u>(21,286)</u>
		957	(1,031)
20.2 Surplus on Directors' Training Programs			
Fee received for training		14,695	12,001
Less: Expenses incurred on training		<u>(8,728)</u>	<u>(8,724)</u>
		5,967	3,277

Notes to the Financial Statements *For the year ended June 30, 2014*

20.2.1 The Securities and Exchange Commission of Pakistan (SECP) under clause (xi) of the Code of Corporate Governance has made compulsory for directors of the listed companies to have certification from an approved local or foreign institution in Directors' Training Program. The Institute enjoys the privilege of being an approved institution of the SECP for Directors Training Programs. During the year ended June 30, 2014, the Institute has conducted five Directors' Training Programs and certified ninety two directors.

	Note	2014	2013
		Rupees in '000	
21. SALARIES, ALLOWANCES AND OTHER BENEFITS			
Salaries and allowances		170,062	137,942
Employees' health insurance		1,976	1,529
Defined contribution plan - provident fund		8,377	7,220
		<u>180,415</u>	<u>146,691</u>
22. TRAVELLING AND RELATED EXPENSES			
Expenses incurred in respect of meetings and conferences attended by:			
- Members of the Council		12,271	11,458
- Members of the Committees		1,327	1,021
- Staff of the Institute:			
Secretary / Chief Operating Officer, Directors and other executives		5,515	4,180
Other staff		2,466	1,753
		<u>7,981</u>	<u>5,933</u>
		<u>21,579</u>	<u>18,412</u>
23. STUDY PACKS AND OTHER PUBLICATIONS			
Study packs:			
Cost of publication of study packs		36,462	-
Less: Closing stock		(7,473)	-
		<u>28,989</u>	<u>-</u>
Other publications		8,599	10,455
		<u>37,588</u>	<u>10,455</u>
24. FINANCIAL ASSISTANCE TO STUDENTS			
This represents disbursements made out of Students' Endowment Fund.			

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
25. OTHERS			
Fee to professional bodies		2,713	2,238
Consultancy charges		707	152
Auditors' remuneration	25.1	576	531
Meeting and related expenses		1,510	1,088
Books and publications		451	565
Conveyance		276	255
Entertainment / meeting expenses		2,380	2,173
Bank charges		2,611	2,001
Zakat		875	1,613
Insurance		2,121	1,544
Publications written-off		1,036	530
Provision for doubtful students' loans	8	20	493
Gold medals and award ceremony		3,116	4,875
Entrance test conducting charges		112	323
Registered Accounting Education Tutor's appraisal cost		-	28
Training expenses		1,737	957
Election expenses		-	2,235
Online Education and Research Facility (PERN-2)		2,276	2,168
Chartered Accountants talent program		1,067	-
Loss on sale of operating fixed assets	5.3	58	52
Honoraria to article writers		312	241
Sports and recreation		483	214
Bad debts		415	74
Exchange loss - net		440	-
Fixed assets written-off	5.4	170	-
Deficit from seminars and conferences - net	20.1	-	1,031
Sundry expenses		2,730	2,444
		<u>28,192</u>	<u>27,825</u>
25.1 Auditors' remuneration			
Audit fee			
Abdul Hameed Chaudhri		220	200
Qasim E. Causer		220	-
Abdul Wahid		-	200
Shaukat Amin Shah		25	25
Najeeb Moochala		50	50
		<u>515</u>	<u>475</u>
Out of pocket expenses		61	56
		<u>576</u>	<u>531</u>

Notes to the Financial Statements *For the year ended June 30, 2014*

	Note	2014	2013
		Rupees in '000	
26. FINANCE INCOME			
General Fund			
Mark-up / profit on:			
- Special Saving Certificates		460	5,487
- Term Deposit Receipts		21,361	19,481
- Pakistan Investment Bonds		1,448	-
- PLS Saving accounts		4,244	2,451
		27,513	27,419
Exchange gain - net		-	250
		27,513	27,669
Specific Fund			
Endowment Funds		387	304
Southern Regional Committee		6,034	6,214
Northern Regional Committee		1,637	1,513
Benevolent Fund		945	931
		8,266	7,484
		44,782	44,115
27. CASH AND CASH EQUIVALENTS			
For the purpose of statement of cash flows, cash and cash equivalents comprise of following:			
Cash and bank balances	12	45,841	28,336
Investments realizable within three months		154,345	163,504
		200,186	191,840

28. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Institute comprise of staff retirement 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 29. Other significant transactions with related parties are as follows:

Relationship with the Institute	Nature of transactions	2014	2013
		Rupees in '000	
Staff retirement plans	Contributions paid to provident fund	8,377	7,220
	Amount received back from gratuity fund	-	10,000
Key management personnel			
- Directors and other executives	Consideration received against sale of operating fixed assets	2,000	212
- Members of the Council	Membership fee received	432	368

Notes to the Financial Statements *For the year ended June 30, 2014*

28.1 Details of expenses incurred in respect of traveling of members of the Council, members of the Committees, Secretary / Chief Operating Officer, Directors and Other executives of the Institute are disclosed in note 22.

28.2 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 / Chief Operating Officer, Directors and Other executives as its key management personnel.

29. REMUNERATION AND BENEFITS OF SECRETARY / CHIEF OPERATING OFFICER, DIRECTORS AND OTHER EXECUTIVES

The aggregate amounts charged in the financial statements of the year for remuneration including certain benefits to Secretary / Chief Operating Officer, Directors and Other executives of the Institute are as follows:

	Secretary / Chief Operating Officer		Directors and Other Executives	
	2014	2013	2014	2013
.....Rupees in '000.....				
Managerial remuneration	9,600	3,447	72,028	58,978
Defined contribution plan - provident fund	-	177	3,927	3,220
Annual membership fee	17	16	408	368
Fuel, maintenance and utilities	378	376	5,784	4,592
	<u>9,995</u>	<u>4,016</u>	<u>82,147</u>	<u>67,158</u>
Number of persons	<u>1</u>	<u>2</u>	<u>28</u>	<u>25</u>

29.1 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.

29.2 The Secretary / Chief Operating Officer, Directors and certain executives of the Institute are also provided with the Institute's maintained cars.

30. 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:

(a) Service segments:

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

(i) Examination (ii) Education (iii) Membership and (iv) General services

Notes to the Financial Statements *For the year ended June 30, 2014*

(b) Geographical segments:

The Institute has determined following geographical segments representing 10% or more of its total income:

(i) Karachi (ii) Lahore (iii) Islamabad and Rawalpindi (iv) Others including overseas

Management during the current year has revised its basis of allocation of assets, liabilities, income and expenses amongst operating segments for better presentation and reporting. Accordingly, figures of the comparative period have been reclassified / rearranged in this note for the purpose of comparability.

30.1 Service segments

30.1.1 Basis of allocation:

Service provided / rendered directly to students are allocated to examination and education departments whereas member related income and expenditures are allocated directly to membership department. Remaining income and expenditures are allocated to general services.

30.1.2 Segment revenues and results

	Examination	Education	Membership	General Services	Total
2014	Rupees in '000				
Income					
- from members	-	-	100,029	-	100,029
- from students	303,065	66,536	-	-	369,601
- others	-	-	-	18,502	18,502
	303,065	66,536	100,029	18,502	488,132
Expenditure (30.1.3)	155,650	82,019	103,299	131,372	472,340
					15,792
Finance income and deficit on remeasurement of investments - unallocated					44,722
Excess of income over expenditure					60,514

	Examination	Education	Membership	General Services	Total
2013	Rupees in '000				
Income					
- from members	-	-	89,245	-	89,245
- from students	259,285	49,221	-	-	308,506
- others	-	-	-	16,571	16,571
	259,285	49,221	89,245	16,571	414,322
Expenditure (30.1.4)	145,724	45,635	77,840	110,963	380,162
					34,160
Finance income and surplus on remeasurement of investments - unallocated					44,862
Excess of income over expenditure					79,022

Notes to the Financial Statements *For the year ended June 30, 2014*

30.1.3 Expenditure

2014

Expenditure

Salaries, allowances and other benefits
Examination charges
Depreciation
Traveling and related expenses
Study packs and other publications
Utilities
Postage and telephone
Repairs and maintenance
Printing and stationery
Rent, rates and taxes
Advertisement and exhibitions
Amortisation of intangible assets
Financial assistance to students
Financial assistance by benevolent fund
Vehicle maintenance and running cost
Legal and professional charges
Others

Total expenditure

Examination	Education	Membership	General Services	Total
Rupees in '000				
55,197	13,600	48,198	63,420	180,415
59,512	-	-	-	59,512
7,014	2,755	3,507	11,777	25,053
2,540	1,082	16,884	1,073	21,579
-	37,588	-	-	37,588
5,554	2,182	2,777	9,324	19,837
3,369	1,323	1,684	5,659	12,035
5,806	2,281	2,903	9,748	20,738
2,406	1,452	2,021	3,882	9,761
31	12	42	10,512	10,597
26	10,474	959	809	12,268
1,170	459	585	1,967	4,181
-	5,022	-	-	5,022
-	-	9,437	-	9,437
2,258	1,049	2,920	1,852	8,079
1,962	-	5,767	317	8,046
8,805	2,740	5,615	11,032	28,192
155,650	82,019	103,299	131,372	472,340

2013

Expenditure

Salaries, allowances and other benefits
Examination charges
Depreciation
Traveling and related expenses
Study packs and other publications
Utilities
Postage and telephone
Repairs and maintenance
Printing and stationery
Rent, rates and taxes
Advertisement and exhibitions
Amortisation of intangible assets
Financial assistance to students
Financial assistance by benevolent fund
Vehicle maintenance and running cost
Legal and professional charges
Others

Total expenditure

Examination	Education	Membership	General Services	Total
Rupees in '000				
48,072	10,504	32,451	55,664	146,691
60,579	-	-	-	60,579
6,438	1,716	2,789	10,519	21,462
2,191	1,017	14,546	658	18,412
-	10,455	-	-	10,455
5,789	1,543	2,508	9,457	19,297
3,032	808	1,313	4,954	10,107
4,574	1,219	1,982	7,475	15,250
2,446	873	1,945	3,782	9,046
28	2	36	6,729	6,795
3	8,541	428	513	9,485
97	25	42	160	324
-	3,917	-	-	3,917
-	-	8,177	-	8,177
1,918	761	2,033	1,743	6,455
48	325	3,851	1,661	5,885
10,509	3,929	5,739	7,648	27,825
145,724	45,635	77,840	110,963	380,162

Notes to the Financial Statements *For the year ended June 30, 2014*

30.1.4 Other information

2014

	Examination	Education	Membership	General Services	Total
	Rupees in '000				
Segment assets employed	23,788	23,455	23,774	194,911	265,928
Unallocated assets					477,923
Total assets					743,851
Segment liabilities employed	38,987	3,635	30,873	30,675	104,170

2013

	Examination	Education	Membership	General Services	Total
	Rupees in '000				
Segment assets employed	18,588	14,619	17,981	156,701	207,889
Unallocated assets					428,685
Total assets					636,574
Segment liabilities employed	20,252	806	20,216	16,133	57,407

30.1.5 Segment assets primarily consist of property, plant and equipment, loans, advances and receivables and stock of study packs, publications and souvenirs. Segment liabilities comprise of creditors, accrued expenses and other liabilities and fee and charges received in advance.

30.2 Geographical segments

30.2.1 Basis of allocation

Service 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.

30.2.2 Segment revenues and results

2014

	Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
	Rupees in '000				
Income					
- from members	42,380	19,380	9,420	28,849	100,029
- from students	118,385	127,186	66,808	57,222	369,601
- others general services - unallocated	-	-	-	-	18,502
	160,765	146,566	76,228	86,071	488,132
Allocated expenditure - Members and Students	(119,885)	(101,791)	(52,680)	(66,612)	(340,968)
Unallocated expenditure - General Services	-	-	-	-	(131,372)
Total expenditure (30.2.3)	(119,885)	(101,791)	(52,680)	(66,612)	(472,340)
					15,792
Finance income and deficit on remeasurement of investments - unallocated					44,722
Excess of income over expenditure					60,514

Notes to the Financial Statements *For the year ended June 30, 2014*

2013

Income

- from members
- from students
- others general services - unallocated

Allocated expenditure - Members and Students

Unallocated expenditure - General Services

Total expenditure (30.2.4)

Finance income and surplus on remeasurement
of investments - unallocated

Excess of income over expenditure

Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
Rupees in '000				
38,415	17,620	8,429	24,781	89,245
106,956	91,560	43,045	66,945	308,506
-	-	-	-	16,571
145,371	109,180	51,474	91,726	414,322
(99,840)	(72,154)	(34,045)	(63,160)	(269,199)
-	-	-	-	(110,963)
(99,840)	(72,154)	(34,045)	(63,160)	(380,162)
				34,160
				44,862
				79,022

30.2.3 Expenditure

2014

Expenditure

- Salaries, allowances and other benefits
- Examination charges
- Depreciation
- Traveling and related expenses
- Study packs and other publications
- Utilities
- Postage and telephone
- Repair and maintenance
- Printing and stationery
- Rent, rates and taxes
- Advertisement and exhibition
- Amortisation of intangible assets
- Financial assistance to students
- Financial assistance by benevolent fund
- Vehicle maintenance and running cost
- Legal and professional charges
- Others

Expenditure - as and where incurred

Inter-segment allocation / transfer to unallocated

Allocated expenditure - Members and Students

Unallocated expenditure - General services

Total expenditure

Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
Rupees in '000				
148,877	20,419	7,839	3,280	180,415
44,236	8,401	3,883	2,992	59,512
17,134	4,480	1,750	1,689	25,053
10,394	7,668	3,111	406	21,579
36,050	811	506	221	37,588
12,200	2,236	3,609	1,792	19,837
7,357	2,232	1,274	1,172	12,035
9,322	5,894	3,088	2,434	20,738
8,082	1,399	177	103	9,761
3,474	2,479	243	4,401	10,597
3,690	7,029	1,141	408	12,268
4,181	-	-	-	4,181
807	2,799	821	595	5,022
4,490	3,512	892	543	9,437
6,690	1,054	329	6	8,079
8,046	-	-	-	8,046
19,474	5,467	2,371	880	28,192
344,504	75,880	31,034	20,922	472,340
(224,619)	25,911	21,646	45,690	(131,372)
119,885	101,791	52,680	66,612	340,968
				131,372
				472,340

Notes to the Financial Statements *For the year ended June 30, 2014*

2013

Expenditure

Salaries, allowances and other benefits
Examination charges
Depreciation
Traveling and related expenses
Study packs and other publications
Utilities
Postage and telephone
Repair and maintenance
Printing and stationery
Rent, rates and taxes
Advertisement and exhibition
Amortisation of intangible assets
Financial assistance to students
Financial assistance by benevolent fund
Vehicle maintenance and running cost
Legal and professional charges
Others

Expenditure - as and where incurred

Inter-segment allocation / transfer to unallocated

Allocated expenditure - Members and Students

Unallocated expenditure - General services

Total expenditure

Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
Rupees in '000				
118,836	17,689	7,281	2,885	146,691
46,954	6,950	3,629	3,046	60,579
14,569	3,666	1,808	1,419	21,462
9,662	6,021	1,522	1,207	18,412
8,198	1,002	875	380	10,455
12,267	2,058	3,543	1,429	19,297
6,303	2,000	1,230	574	10,107
6,316	3,036	1,865	4,033	15,250
7,613	1,008	270	155	9,046
1,597	1,158	164	3,876	6,795
3,023	5,406	784	272	9,485
324	-	-	-	324
897	1,704	679	637	3,917
3,794	3,111	792	480	8,177
5,220	929	306	-	6,455
5,861	24	-	-	5,885
19,561	5,486	1,873	905	27,825
270,995	61,248	26,621	21,298	380,162
(171,155)	10,906	7,424	41,862	(110,963)
99,840	72,154	34,045	63,160	269,199
				110,963
				380,162

30.2.4 Other information

2014

Segments assets employed

Unallocated assets

Total assets

Segments liabilities employed

Unallocated liabilities

Total liabilities

Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
Rupees in '000				
173,106	59,426	19,379	14,018	265,929
				477,922
				743,851
34,392	9,826	455	97	44,770
				59,400
				104,170

2013

Segments assets employed

Unallocated assets

Total assets

Segments liabilities employed

Unallocated liabilities

Total liabilities

Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
Rupees in '000				
133,830	41,990	19,669	12,400	207,889
				428,685
				636,574
23,199	578	51	407	24,235
				33,172
				57,407

Notes to the Financial Statements *For the year ended June 30, 2014*

30.2.5 Segment assets primarily consist of property, plant and equipment, loans, advances and receivables and stock of study packs, publications and souvenirs. Segment liabilities comprise of creditors, accrued expenses and other liabilities.

31. FINANCIAL RISK MANAGEMENT

31.1 Financial risk factors

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

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

The Institute's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Institute's financial performance.

Risk management is carried out by the Institute's finance department under policies approved by the Council. The Institute's finance department evaluates financial risks based on principles for overall risk management, as well as policies covering specific areas, such as investment of excess liquidity, credit risk and interest rate risk provided by the Council.

(a) 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 and short term investments, loans, advances, deposits, other receivables and bank balances. Out of the total financial assets aggregating Rs. 478.427 million (2013: Rs. 434.396 million) as detailed in note 31.2 below, those that are subject to credit risk aggregate to Rs. 318.775 million (2013: Rs. 372.419 million).

The credit risk on liquid funds maintained with banks / financial institutions and investments was approximately 63% (2013: 84%) of the financial assets of the Institute. The funds of the Institute are held with banks having highest capacity for timely repayment (i.e. having credit rating of at least 'A+'). Accordingly, the 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 maximum exposure to credit risk at the end of the reporting period is as follows:

	2014	2013
	Rupees in '000	
Long term investments	13,613	30,004
Loans, advances and deposits	7,334	5,874
Short term investments	241,577	304,812
Loans, advances and other receivables	10,976	3,712
Bank balances	45,275	28,017
	318,775	372,419

Notes to the Financial Statements *For the year ended June 30, 2014*

(b) Liquidity risk

Liquidity risk reflects the entity's inability in raising funds to meet commitments, The Institute manages liquidity risk by maintaining sufficient cash and balances with banks. As at June 30, 2014 there is no maturity mismatch between financial assets and liabilities that exposes the Institute to liquidity risk.

(c) Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect 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 within acceptable parameters, while optimising the return.

Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

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

	Rupees in '000	U.S. Dollar	British Pound	UAE Dirham	Saudi Riyal
2014					
Cash and bank balances	4,152	39,177	215	1,004	8,275
Creditors, accrued expenses and other liabilities	(1,612)	(7,700)	(5,062)	-	-
Net exposure	2,540	31,477	(4,847)	1,004	8,275

	Rupees in '000	U.S. Dollar	British Pound	UAE Dirham	Saudi Riyal
2013					
Cash and bank balances	2,820	26,168	220	999	-
Creditors, accrued expenses and other liabilities	(548)	(5,500)	-	-	-
Net exposure	2,272	20,668	220	999	-

Notes to the Financial Statements *For the year ended June 30, 2014*

The following significant exchange rates have been applied:

	Reporting date rate	
	2014	2013
U.S. Dollar to Rupee	98.80	99.66
British Pound to Rupee	168.15	151.80
UAE Dirham to Rupee	26.90	27.13
Saudi Riyal to Rupee	26.34	-

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

Sensitivity analysis

As at June 30, 2014, if Rupee had strengthened / weakened by 10% against U.S. Dollar, British Pound, UAE Dirham and Saudi Riyal with all other variables held constant, income for the year would have been (decreased) / increased by the amount shown below mainly as a result of net foreign exchange (loss) / gain on translation of foreign denominated financial assets and liabilities.

	2014	2013
Effect on income for the year:	Rupees in '000	
U.S. Dollar to Rupee	311	206
British Pound to Rupee	(82)	3
UAE Dirham to Rupee	3	3
Saudi Riyal to Rupee	22	-
	<u>254</u>	<u>212</u>

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

Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of change in market interest rates.

As the Institute's financial instruments are invested in fixed rate securities / deposit accounts and are carried at amortised cost, the Institute does not believe that it is exposed to any cash flow interest rate risk. These fixed interest rate instruments give rise to fair value interest rate risk. As at June 30, 2014, the interest rate profile of the Institute's significant financial assets is as follows:

	2014	2013
Fixed rate instruments	Carrying amount	
Financial assets	Rupees in '000	
Long term investments (note 7)	134,236	81,853
Short term investments (note 10)	276,370	310,891
Cash and bank balances (note 12)	41,811	23,521

Notes to the Financial Statements *For the year ended June 30, 2014*

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

31.2 Financial instruments by category

As at June 30, 2014

Financial assets as per balance sheet

Long term investments
Loans, advances and deposits
Short term investments
Loans, advances, prepayments and other receivables
Cash and bank balances

Held to maturity	Available for sale	Loans and receivables	Total
Rupees in '000			
134,236	-	-	134,236
-	-	7,334	7,334
276,370	3,670	-	280,040
-	-	10,976	10,976
-	-	45,841	45,841
410,606	3,670	64,151	478,427

As at June 30, 2013

Financial assets as per balance sheet

Long term investments
Loans, advances and deposits
Short term investments
Loans, advances, prepayments and other receivables
Cash and bank balances

Held to maturity	Available for sale	Loans and receivables	Total
Rupees in '000			
81,853	-	-	81,853
-	-	5,874	5,874
310,891	3,730	-	314,621
-	-	3,712	3,712
-	-	28,336	28,336
392,744	3,730	37,922	434,396

Liabilities carried at amortised cost

Financial liabilities as per balances sheet

Creditors, accrued expenses and other liabilities

2014	2013
Rupees in '000	
44,770	24,236

Notes to the Financial Statements *For the year ended June 30, 2014*

31.3 Fair value estimation

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

Currently, the Institute's investment in equity shares amounting to Rs. 3.670 million (2013: Rs. 3.730 million) are the only financial assets measured at fair value in the financial statements and these financial instruments are classified under level 1.

The carrying values of all other 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. 54.39 million (2013: Rs. 97.15 million) as against their aggregate fair value of Rs. 51.54 million (2013: Rs. 90.53 million);
- Defence Saving Certificates that are carried at amortised cost, using the effective yield method, aggregating Rs. 3.82 million (2013: Rs. 3.39 million) as against their aggregate fair value of Rs. 2.84 million (2013: Rs. 2.36 million); and
- Pakistan Investment Bonds that are carried at amortised cost, using the effective yield method, aggregating Rs. 86.72 million (2013: nil) as against their aggregate fair value of Rs. 86.55 million (2013: nil).

32. NUMBER OF EMPLOYEES

The Institute had 189 (2013: 179) full time employees and 5 (2013: 5) part time employees as at June 30, 2014.

Notes to the Financial Statements *For the year ended June 30, 2014*

33. CORRESPONDING FIGURES

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

Reclassification from component	Reclassification to component	2013 Rupees in '000
Balance Sheet		
Property, plant and equipment	Intangible assets	3,160
Loans, advances, prepayments and other receivables	Loans, advances and deposits	93
Statement of comprehensive income		
Others	Amortisation of intangible assets	324
Others	Financial assistance to students	3,917
Others	Financial assistance by benevolent fund	8,177
Others	Vehicles maintenance and running cost	6,455
Others	Legal and professional charges	5,885

34. DATE OF AUTHORIZATION FOR ISSUE

The Council of the Institute authorized these financial statements for issue on August 07, 2014.

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