



# shaping tomorrow

financial statements 2016



The Institute of  
Chartered Accountants  
of Pakistan

CA  
PAKISTAN












The Institute of  
Chartered Accountants  
of Pakistan

**CA**  
**PAKISTAN**





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# independent auditors' report to the members

**Qasim Ebrahim Causer**

**Chartered Accountant**

2nd Floor, Block-C, Lakson Square Building No.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, 2016, 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.

## financial statements

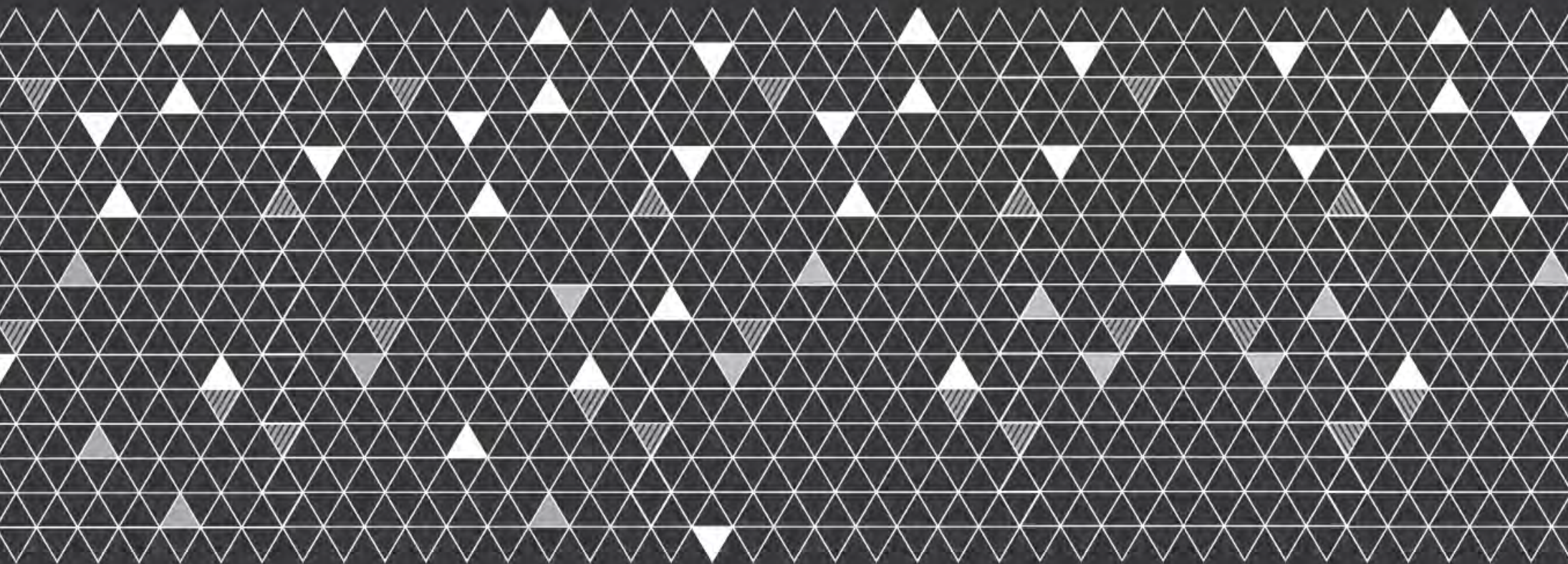
### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Institute as of June 30, 2016 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.

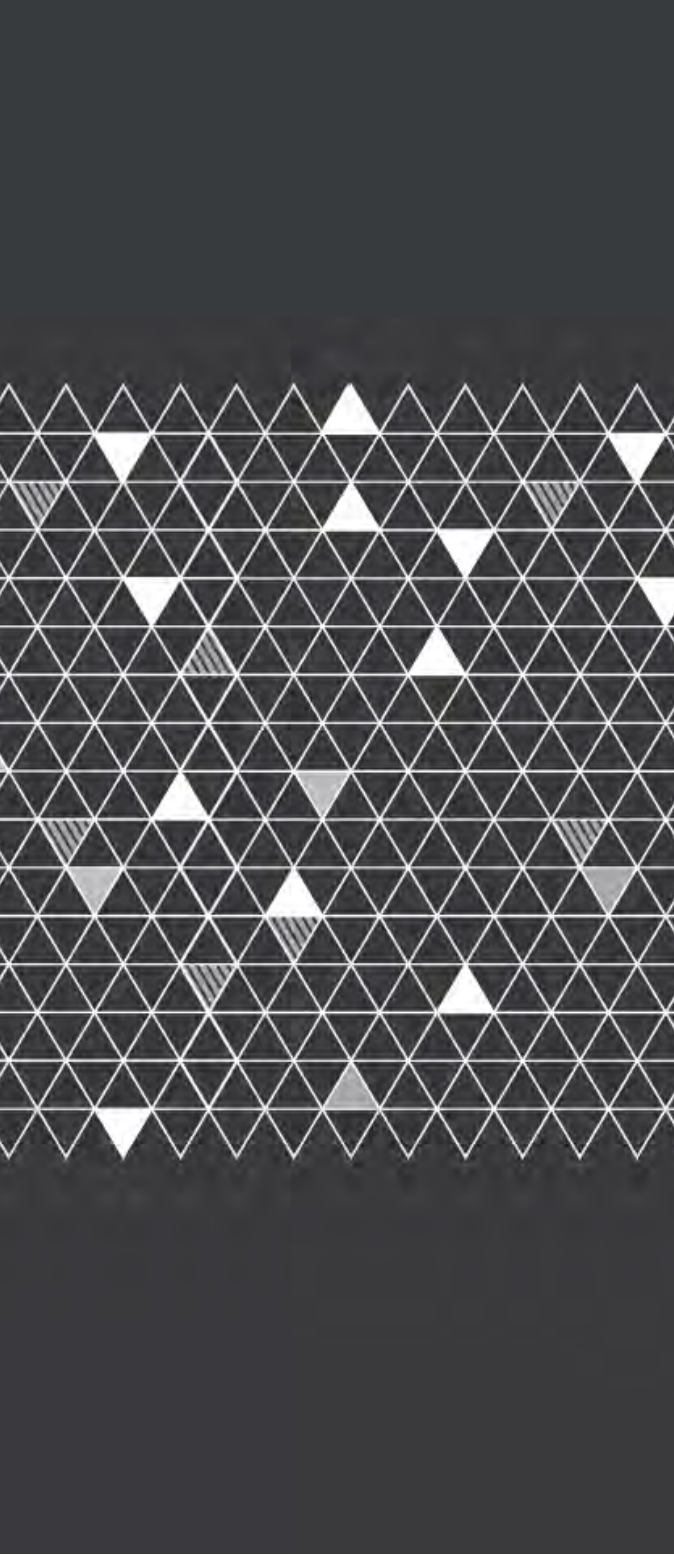
**Qasim Ebrahim Causer**  
Chartered Accountant  
Karachi

Dated: July 29, 2016

**Abdul Hameed Chaudhri**  
Chartered Accountant  
Lahore







financial statements

## balance sheet

as at june 30, 2016

|  | Note | 2016                    | 2015           |
|--|------|-------------------------|----------------|
|  |      | ----- Rs. in '000 ----- |                |
| <b>Non-Current Assets</b>                          |      |                         |                |
| Property, plant and equipment                      | 5    | 246,898                 | 234,680        |
| Intangible assets                                  | 6    | 9,547                   | 10,769         |
| Long term investments                              | 7    | 535,591                 | 425,768        |
| Loans, advances and deposits                       | 8    | 7,807                   | 8,196          |
|  |      | <u>799,843</u>          | <u>679,413</u> |
| <b>Current Assets</b>                              |      |                         |                |
| Stock of study packs, publications and souvenirs   | 9    | 17,324                  | 8,488          |
| Short term investments                             | 10   | 175,338                 | 95,578         |
| Loans, advances, prepayments and other receivables | 11   | 42,747                  | 38,280         |
| Cash and bank balances                             | 12   | 69,285                  | 36,831         |
|  |      | <u>304,694</u>          | <u>179,177</u> |
| <b>Current Liabilities</b>                         |      |                         |                |
| Creditors, accrued expenses and other liabilities  | 13   | 76,334                  | 31,419         |
| Fee and charges received in advance                | 14   | 84,432                  | 73,363         |
|  |      | <u>160,766</u>          | <u>104,782</u> |
| <b>Net Current Assets</b>                          |      | <u>143,928</u>          | <u>74,395</u>  |
| <b>Contingencies and Commitments</b>               | 15   |                         |                |
| <b>Net Assets</b>                                  |      | <u>943,771</u>          | <u>753,808</u> |
| <b>Represented by:</b>                             |      |                         |                |
| General Fund                                       |      | 717,698                 | 555,113        |
| Specific Fund                                      |      | 4,829                   | 4,578          |
| Endowment Funds                                    |      | 89,874                  | 70,566         |
| Regional Committees                                |      | 37,480                  | 37,936         |
| Benevolent Fund                                    |      | 93,890                  | 85,615         |
|  |      | <u>943,771</u>          | <u>753,808</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, 2016

## Income

Members' subscription  
Examination and other fees  
Education and training fees  
Publications  
Other income

## 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 exhibition  
Amortisation of intangible assets  
Financial assistance to students  
Financial assistance to members and/or families  
Gold medals and award ceremony  
Chartered Accountants talent program  
Vehicles maintenance and running cost  
Legal and professional charges  
Others

## Excess of income over expenditure before finance income

Finance income

## Excess of income over expenditure for the year

## Other comprehensive income

Surplus on re-measurement of available for sale investments

## Total comprehensive income for the year

## Attributable to:

General Fund  
Specific Fund  
Endowment Funds  
Regional Committees  
Benevolent Fund

| Note | 2016                    | 2015    |
|------|-------------------------|---------|
|      | ----- Rs. in '000 ----- |         |
| 16   | 130,113                 | 115,975 |
| 17   | 508,533                 | 435,791 |
| 18   | 100,855                 | 81,668  |
| 19   | 7,767                   | 6,772   |
| 20   | 25,071                  | 12,063  |
|      | 772,339                 | 652,269 |
| 21   | 260,494                 | 220,390 |
|      | 98,593                  | 103,669 |
|      | 31,942                  | 31,645  |
| 22   | 25,291                  | 24,518  |
| 23   | 34,962                  | 35,730  |
|      | 23,010                  | 20,282  |
|      | 17,129                  | 13,800  |
|      | 32,063                  | 28,969  |
|      | 13,733                  | 11,772  |
|      | 14,663                  | 12,678  |
|      | 18,318                  | 14,248  |
| 6    | 7,677                   | 7,128   |
| 24   | 8,807                   | 6,907   |
|      | 16,040                  | 13,079  |
|      | 5,249                   | 4,210   |
|      | 4,179                   | 2,640   |
|      | 6,337                   | 7,863   |
|      | 6,436                   | 9,861   |
| 25   | 27,155                  | 32,631  |
|      | 652,078                 | 602,020 |
|      | 120,261                 | 50,249  |
| 26   | 68,722                  | 61,147  |
|      | 188,983                 | 111,396 |
|      | 652                     | 1,831   |
|      | 189,635                 | 113,227 |
|      | 183,585                 | 103,914 |
|      | 251                     | 158     |
|      | (1,007)                 | (480)   |
|      | (456)                   | 2,042   |
|      | 7,262                   | 7,593   |
|      | 189,635                 | 113,227 |

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



## statement of cash flows

for the year ended june 30, 2016

### Cash flows from operating activities

#### Cash received:

Membership  
Examinations  
Training  
Publications  
Facilities and miscellaneous

#### Cash paid:

Employees  
Professional bodies  
Property tax  
Suppliers and vendors

Net cash generated from operating activities

### Cash flows from investing activities

Investments - net  
Fixed capital expenditure  
Purchase of intangible assets  
Proceeds from sale of operating fixed assets  
Income received from investments  
Loans, advances and deposits recovered  
Loans, advances and deposits paid

#### Net cash used in investing activities

#### Net increase / (decrease) in cash and cash equivalents

#### Cash and cash equivalents - at the beginning of the year

#### Cash and cash equivalents - at the end of the year

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

Note

2016

2015

----- Rs. in '000 -----

|           |           |
|-----------|-----------|
| 127,640   | 118,813   |
| 519,676   | 445,295   |
| 100,855   | 81,668    |
| 7,676     | 6,461     |
| 27,524    | 13,626    |
| 783,371   | 665,863   |
| 243,276   | 220,055   |
| 4,560     | 3,184     |
| 875       | 875       |
| 333,013   | 340,643   |
| 581,724   | 564,757   |
| 201,647   | 101,106   |
| (158,010) | (215,399) |
| (47,174)  | (68,634)  |
| (6,454)   | (92)      |
| 3,618     | 5,274     |
| 77,065    | 74,266    |
| 3,019     | 1,558     |
| (2,821)   | (2,301)   |
| (130,757) | (205,328) |
| 70,890    | (104,222) |
| 95,964    | 200,186   |
| 166,854   | 95,964    |

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Secretary

President

## statement of changes in funds

for the year ended june 30, 2016

|   | 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 |           |                  |                      |           |         |
|   | ----- Rs. in '000 ----- |               |                          |                            |           |                     |                          |                  |           |                  |                      |           |         |
| Balance as at July 01, 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 |
| Transferred to Benevolent Fund                              | (1,000)                 | -             | -                        | -                          | -         | -                   | -                        | -                | -         | 1,000            | -                    | 1,000     | -       |
| Contribution for gold medal                                 | -                       | 900           | -                        | -                          | -         | -                   | -                        | -                | -         | -                | -                    | -         | 900     |
| Total comprehensive income for the year ended June 30, 2015 |                         |               |                          |                            |           |                     |                          |                  |           |                  |                      |           | -       |
| Excess/(Deficit) of income over expenditure for the year    | 103,914                 | 158           | (945)                    | 465                        | (480)     | 2,428               | 10                       | (396)            | 2,042     | 5,762            | -                    | 5,762     | 111,396 |
| Other comprehensive income                                  | -                       | -             | -                        | -                          | -         | -                   | -                        | -                | -         | 1,831            | -                    | 1,831     | 1,831   |
|   | 103,914                 | 158           | (945)                    | 465                        | (480)     | 2,428               | 10                       | (396)            | 2,042     | 7,593            | -                    | 7,593     | 113,227 |
| Balance as at Jun 30, 2015                                  | 555,113                 | 4,578         | 63,469                   | 7,097                      | 70,566    | 25,599              | 147                      | 12,190           | 37,936    | 84,776           | 839                  | 85,615    | 753,808 |
| Balance as at July 01, 2015                                 | 555,113                 | 4,578         | 63,469                   | 7,097                      | 70,566    | 25,599              | 147                      | 12,190           | 37,936    | 84,776           | 839                  | 85,615    | 753,808 |
| Transferred to Benevolent Fund                              | (1,000)                 | -             | -                        | -                          | -         | -                   | -                        | -                | -         | 1,000            | -                    | 1,000     | -       |
| Transferred to Student Endowment Fund                       | (20,000)                | -             | 20,000                   | -                          | 20,000    | -                   | -                        | -                | -         | -                | -                    | -         | -       |
| Donation received during the year                           | -                       | -             | 315                      | -                          | 315       | -                   | -                        | -                | -         | 13               | -                    | 13        | 328     |
| Total comprehensive income for the year ended June 30, 2016 |                         |               |                          |                            |           |                     |                          |                  |           |                  |                      |           |         |
| Excess/(Deficit) of income over expenditure for the year    | 183,585                 | 251           | (1,658)                  | 651                        | (1,007)   | (212)               | 9                        | (253)            | (456)     | 6,610            | -                    | 6,610     | 188,983 |
| Other comprehensive income                                  | -                       | -             | -                        | -                          | -         | -                   | -                        | -                | -         | 652              | -                    | 652       | 652     |
|   | 183,585                 | 251           | (1,658)                  | 651                        | (1,007)   | (212)               | 9                        | (253)            | (456)     | 7,262            | -                    | 7,262     | 189,635 |
| Balance as at June 30, 2016                                 | 717,698                 | 4,829         | 82,126                   | 7,748                      | 89,874    | 25,387              | 156                      | 11,937           | 37,480    | 93,051           | 839                  | 93,890    | 943,771 |
|   |                         |               |                          |                            |           |                     |                          |                  |           |                  |                      |           |         |

The Council of the Institute in its meeting held on May 08, 2015 and August 07, 2015, decided to appropriate Rs. 1 million and Rs. 20 million from General Fund to Benevolent Fund and Endowment Funds respectively.

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, 2016

### 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.

#### Endowment Funds

The Institute operates 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 Pakistan Rupees which is the functional currency of the Institute and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

#### 2.3 New and amended standards and interpretations

##### 2.3.1 Standards, interpretations and amendments to accounting standards that are effective and relevant

IFRS 13 'Fair value measurement' for accounting periods beginning on or after January 01, 2015. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Institute's financial statements.

### **2.3.2 Standards, interpretations and amendments to accounting standards that are effective but not relevant**

The other new standards and amendments to approved accounting standards that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Institute's financial reporting and operations.

### **2.3.3 Standards, interpretations and amendments to accounting standards that are not yet effective and have not been early adopted by the Institute**

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2015 and have not been early adopted by the Institute:

- (a) IFRS 9, 'Financial instruments' is applicable on accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. This IFRS is under consideration of SECP and the relevant Committee of the Institute. The Institute has yet to assess the impact of these changes on its financial statements.
- (b) IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Institute has yet to assess the impact of this standard on its financial statements.
- (c) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable on annual periods beginning on or after January 1, 2016. The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a number of issues, including: Materiality – an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Notes – confirmation that the notes do not need to be presented in a particular order. Other comprehensive income (OCI) arising from investments accounted for under the equity method – the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments. These amendments are likely to only affect the disclosures in the Institute's financial statements.

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 for available for sale investments which are carried at fair value.

- 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 on-going 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:

- (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) Realisable amounts of slow moving and obsolete stock of publications [note 4.7].

#### 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 available for 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.

#### 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 day on which asset is available for use while no amortisation is charged from the day 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

Financial assets with fixed or determinable payments and fixed maturities, where the Institute's management has intention and ability to hold till maturity are classified in this category.

##### (b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

##### (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.

**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 carried at fair value of the consideration to be received in future. An estimated provision is made against amounts considered doubtful of recovery, whereas, amounts considered irrecoverable are written off.



#### 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 Employee benefits

The Institute's employee benefits comprise of provident fund and compensated absences for eligible employees.

##### (a) Defined contribution plan (Provident Fund)

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.

##### (b) Compensated absences

The Institute accounts for compensated absences on the basis of earned unavailed leave balance of each employee at the balance sheet date. Provision is made to cover the obligation under the scheme on accrual basis.

#### 4.11 Creditors, accrued and other liabilities

Liabilities for creditors and other amounts payable are stated at fair value which is 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 is recognised at fair value of consideration received or receivable. 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.

#### 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 Related party transactions

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

#### 4.17 Appropriation of general funds

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

### 5. PROPERTY, PLANT AND EQUIPMENT

Leasehold land - Preedy Street, Karachi  
Operating fixed assets  
Capital work in progress - civil works

| Note | 2016<br>----- Rs. in '000 ----- | 2015           |
|------|---------------------------------|----------------|
| 5.1  | 18                              | 18             |
| 5.2  | 235,480                         | 234,662        |
|      | 11,400                          | -              |
|      | <u>246,898</u>                  | <u>234,680</u> |

#### 5.1 Leasehold land - Preedy Street, Karachi

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

## 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          |
|--|----------------|---------------|----------------------------|---------------------------|--------------|----------------------------------|------------------------|---------------|------------------|-------------------------------------|----------------|
| <b>As at July 01, 2014</b>                       |                |               |                            |                           |              |                                  |                        |               |                  |                                     |                |
| 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)      |
| <b>Net book value</b>                            | <b>1,601</b>   | <b>4,581</b>  | <b>60,276</b>              | <b>16,118</b>             | <b>8,494</b> | <b>30,323</b>                    | <b>23,217</b>          | <b>27,619</b> | <b>30,549</b>    | <b>593</b>                          | <b>203,371</b> |
| <b>Year ended June 30, 2015</b>                  |                |               |                            |                           |              |                                  |                        |               |                  |                                     |                |
| Opening net book value                           | 1,601          | 4,581         | 60,276                     | 16,118                    | 8,494        | 30,323                           | 23,217                 | 27,619        | 30,549           | 593                                 | 203,371        |
| Additions  | -              | -             | 4,640                      | 4,938                     | 2,918        | 7,160                            | 14,163                 | 19,285        | 15,450           | 80                                  | 68,634         |
| Disposals: (note 5.3)                            | -              | -             | -                          | -                         | -            | -                                | -                      | -             | -                | -                                   | -              |
| Cost   | -              | -             | (67)                       | -                         | (135)        | (3,974)                          | (680)                  | (11,201)      | (1,574)          | -                                   | (17,631)       |
| Accumulated depreciation                         | -              | -             | 8                          | -                         | 103          | 2,681                            | 404                    | 7,575         | 1,162            | -                                   | 11,933         |
|  | -              | -             | (59)                       | -                         | (32)         | (1,293)                          | (276)                  | (3,626)       | (412)            | -                                   | (5,698)        |
| Depreciation for the year                        | -              | -             | (3,222)                    | (1,042)                   | (1,547)      | (5,266)                          | (3,746)                | (6,995)       | (9,758)          | (69)                                | (31,645)       |
| <b>Closing net book value</b>                    | <b>1,601</b>   | <b>4,581</b>  | <b>61,635</b>              | <b>20,014</b>             | <b>9,833</b> | <b>30,924</b>                    | <b>33,358</b>          | <b>36,283</b> | <b>35,829</b>    | <b>604</b>                          | <b>234,662</b> |
| <b>Year ended June 30, 2015</b>                  |                |               |                            |                           |              |                                  |                        |               |                  |                                     |                |
| Cost   | 1,601          | 4,581         | 103,889                    | 29,452                    | 15,413       | 61,421                           | 51,778                 | 54,820        | 79,537           | 1,836                               | 404,328        |
| Accumulated depreciation                         | -              | -             | (42,254)                   | (9,438)                   | (5,580)      | (30,497)                         | (18,420)               | (18,537)      | (43,708)         | (1,232)                             | (169,666)      |
| <b>Net book value</b>                            | <b>1,601</b>   | <b>4,581</b>  | <b>61,635</b>              | <b>20,014</b>             | <b>9,833</b> | <b>30,924</b>                    | <b>33,358</b>          | <b>36,283</b> | <b>35,829</b>    | <b>604</b>                          | <b>234,662</b> |
| <b>Year ended June 30, 2016</b>                  |                |               |                            |                           |              |                                  |                        |               |                  |                                     |                |
| Opening net book value                           | 1,601          | 4,581         | 61,635                     | 20,014                    | 9,833        | 30,924                           | 33,358                 | 36,283        | 35,829           | 604                                 | 234,662        |
| Additions  | -              | -             | 961                        | 562                       | 915          | 5,221                            | 3,229                  | 9,424         | 15,343           | 119                                 | 35,774         |
| Disposals: (note 5.3)                            | -              | -             | -                          | -                         | -            | -                                | -                      | -             | -                | -                                   | -              |
| Cost   | -              | -             | -                          | -                         | -            | -                                | -                      | (6,803)       | (179)            | -                                   | (6,982)        |
| Accumulated depreciation                         | -              | -             | -                          | -                         | -            | -                                | -                      | 3,934         | 124              | -                                   | 4,058          |
|  | -              | -             | -                          | -                         | -            | -                                | -                      | (2,869)       | (55)             | -                                   | (2,924)        |
| Depreciation for the year                        | -              | -             | (3,126)                    | (1,018)                   | (1,561)      | (4,984)                          | (3,540)                | (7,623)       | (10,103)         | (77)                                | (32,032)       |
| <b>Closing net book value</b>                    | <b>1,601</b>   | <b>4,581</b>  | <b>59,470</b>              | <b>19,558</b>             | <b>9,187</b> | <b>31,161</b>                    | <b>33,047</b>          | <b>35,215</b> | <b>41,014</b>    | <b>646</b>                          | <b>235,480</b> |
| <b>Year ended June 30, 2016</b>                  |                |               |                            |                           |              |                                  |                        |               |                  |                                     |                |
| Cost   | 1,601          | 4,581         | 104,850                    | 30,014                    | 16,328       | 66,642                           | 55,007                 | 57,441        | 94,701           | 1,955                               | 433,120        |
| Accumulated depreciation                         | -              | -             | (45,380)                   | (10,456)                  | (7,141)      | (35,481)                         | (21,960)               | (22,226)      | (53,687)         | (1,309)                             | (197,640)      |
| <b>Net book value</b>                            | <b>1,601</b>   | <b>4,581</b>  | <b>59,470</b>              | <b>19,558</b>             | <b>9,187</b> | <b>31,161</b>                    | <b>33,047</b>          | <b>35,215</b> | <b>41,014</b>    | <b>646</b>                          | <b>235,480</b> |
| <b>Annual rate of depreciation (% per annum)</b> | <b>-</b>       | <b>-</b>      | <b>5</b>                   | <b>5</b>                  | <b>15</b>    | <b>10 - 20</b>                   | <b>10 - 20</b>         | <b>20</b>     | <b>10 - 33</b>   | <b>10 - 33</b>                      |                |

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

| Particular of assets    | Cost          | Accumulated depreciation | Net book value | Sale proceeds | Gain /(loss) | Mode of Disposal          | Particulars of buyers                   |
|-------------------------|---------------|--------------------------|----------------|---------------|--------------|---------------------------|---|
| ----- Rs. in '000 ----- |               |                          |                |               |              |                           |   |
| <b>Vehicles</b>         |               |                          |                |               |              |                           |   |
| Honda Civic             | 1,682         | 1,127                    | 555            | 555           | -            | As per Institute's Policy | Shahid Hussain - Employee               |
| Honda Citi              | 1,424         | 956                      | 468            | 468           | -            | As per Institute's Policy | Badia Raza - Employee                   |
| Suzuki Cultus           | 953           | 542                      | 411            | 640           | 229          | As per Institute's Policy | Abdul Gadir Vohra - Employee            |
| Suzuki Cultus           | 1,021         | 405                      | 616            | 700           | 84           | As per Institute's Policy | Fatima Shafi - Ex-Employee              |
| Suzuki Cultus           | 1,030         | 434                      | 596            | 720           | 124          | As per Institute's Policy | Zulfiqar Ali Sheikh - Ex-Employee       |
| Suzuki Alto             | 693           | 470                      | 223            | 480           | 257          | As per Institute's Policy | Fahim Sheikh - Employee                 |
|                         | 6,803         | 3,934                    | 2,869          | 3,563         | 694          |                           |   |
| <b>Office equipment</b> |               |                          |                |               |              |                           |   |
| Laptop                  | 59            | 50                       | 9              | 9             | -            | As per Institute's Policy | Fatima Shafi - Ex-Employee              |
| Laptop                  | 70            | 50                       | 20             | 20            | -            | As per Institute's Policy | Zulfiqar Ali Sheikh - Ex-Employee       |
| Laptop                  | 50            | 24                       | 26             | 26            | -            | Insurance claim           | M/s. National Insurance Company Limited |
|                         | 179           | 124                      | 55             | 55            | -            |                           |   |
| <b>June 30, 2016</b>    | <u>6,982</u>  | <u>4,058</u>             | <u>2,924</u>   | <u>3,618</u>  | <u>694</u>   |                           |   |
| <b>June 30, 2015</b>    | <u>17,631</u> | <u>11,933</u>            | <u>5,698</u>   | <u>5,431</u>  | <u>(267)</u> |                           |   |

## 6. INTANGIBLE ASSETS

|                                 | Computer software licenses | Development cost of study pack materials | Total         |
|---------------------------------|----------------------------|--|---------------|
|                                 | ----- Rs. in '000 -----    |  |               |
| <b>As at July 01, 2014</b>      |                            |  |               |
| Cost                            | 3,484                      | 21,114                                   | 24,598        |
| Accumulated amortisation        | (3,303)                    | (3,490)                                  | (6,793)       |
| <b>Net book value</b>           | <u>181</u>                 | <u>17,624</u>                            | <u>17,805</u> |
| <b>Year ended June 30, 2015</b> |                            |  |               |
| Opening net book value          | 181                        | 17,624                                   | 17,805        |
| Additions                       | 92                         | -  | 92            |
| Amortisation charges            | (90)                       | (7,038)                                  | (7,128)       |
| <b>Closing net book value</b>   | <u>183</u>                 | <u>10,586</u>                            | <u>10,769</u> |
| <b>As at June 30, 2015</b>      |                            |  |               |
| Cost                            | 3,576                      | 21,114                                   | 24,690        |
| Accumulated amortisation        | (3,393)                    | (10,528)                                 | (13,921)      |
| <b>Net book value</b>           | <u>183</u>                 | <u>10,586</u>                            | <u>10,769</u> |
| <b>Year ended June 30, 2016</b> |                            |  |               |
| Opening net book value          | 183                        | 10,586                                   | 10,769        |
| Additions                       | 1,521                      | 4,934                                    | 6,455         |
| Amortisation charges            | (205)                      | (7,472)                                  | (7,677)       |
| <b>Closing net book value</b>   | <u>1,499</u>               | <u>8,048</u>                             | <u>9,547</u>  |
| <b>As at June 30, 2016</b>      |                            |  |               |
| Cost                            | 5,097                      | 26,048                                   | 31,145        |
| Accumulated amortisation        | (3,598)                    | (18,000)                                 | (21,598)      |
| <b>Net book value</b>           | <u>1,499</u>               | <u>8,048</u>                             | <u>9,547</u>  |
| Rate of amortisation            | <u>33%</u>                 | <u>33%</u>                               |               |

6.1.1 Intangible assets as at June 30, 2016 include items having an aggregate cost of Rs. 3.33 million (2015: Rs. 3.24 million) that have been fully amortised and are still in use of the Institute.

**7. LONG TERM INVESTMENTS**

|                             | Note | 2016                    | 2015           |
|-----------------------------|------|-------------------------|----------------|
|                             |      | ----- Rs. in '000 ----- |                |
| <b>Held to maturity</b>     |      |                         |                |
| General Fund                | 7.1  | 389,768                 | 347,221        |
| Specific Fund: Prize Fund   | 7.2  | 1,487                   | 1,492          |
| Endowment Funds             | 7.3  | 54,880                  | 60,604         |
| Southern Regional Committee | 7.4  | 19,737                  | 12,800         |
| Benevolent Fund             | 7.5  | 69,719                  | 3,651          |
|                             |      | <u>535,591</u>          | <u>425,768</u> |

**7.1 General Fund**

|                                    |       |                |                |
|------------------------------------|-------|----------------|----------------|
| Certificate of Islamic Investments | 7.1.1 | 75,000         | 65,000         |
| Pakistan Investment Bonds          | 7.1.2 | 299,198        | 282,221        |
| Certificate of Deposit             | 7.1.3 | 15,570         | -              |
|                                    |       | <u>389,768</u> | <u>347,221</u> |

7.1.1 This represents Certificates of Islamic Investment of a bank amounting to Rs. 75 million (2015: Rs. 65 million). These certificates carry mark-up at rates ranging from 5.99% to 8.04% (2015: 8.03% to 8.75%) per annum and are maturing on various dates upto December 29, 2022.

7.1.2 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 299.65 million (2015: Rs. 286.82 million). Profit is receivable on half yearly basis with yield at rates ranging from 7.90% to 12.47% (2015: 11.75% to 12.47%) per annum. These PIBs have term of three to five years and are maturing on various dates upto March 26, 2020.

7.1.3 These represent Certificates of Deposit of a financial institution aggregating to Rs. 15 million (2015: Nil). These certificates carry mark-up at rate of 10.42% (2015: Nil) per annum and are maturing on February 19, 2021. Accrued mark-up aggregating to Rs. 0.57 million (2015: Nil) is included in the carrying value.

**7.2 Specific Fund: Prize Fund**

|                                    |       | 2016                    | 2015         |
|------------------------------------|-------|-------------------------|--------------|
|                                    |       | ----- Rs. in '000 ----- |              |
| Certificate of Islamic Investments | 7.2.1 | 1,000                   | 1,000        |
| Pakistan Investment Bonds          | 7.2.2 | 487                     | 492          |
|                                    |       | <u>1,487</u>            | <u>1,492</u> |

- 7.2.1 This represents Certificate of Islamic Investment of a bank amounting to Rs. 1 million (2015: Rs. 1 million). This certificate carries mark-up at rates ranging from 5.99% to 8.04% (2015: 8.03% to 8.75%) per annum and is maturing on February 13, 2022.
- 7.2.2 This represents investment in Pakistan Investment Bond (PIB) having face value of Rs. 0.47 million (2015: Rs. 0.49 million). Profit is receivable on half yearly basis with yield at the rate of 8.02% (2015: 11.85%) per annum. This PIB has a term of five years and is maturing on March 26, 2020.

### 7.3 Endowment Funds

|                                    | Note  | 2016                    | 2015          |
|------------------------------------|-------|-------------------------|---------------|
|                                    |       | ----- Rs. in '000 ----- |               |
| <b>Students' Endowment Fund</b>    |       |                         |               |
| Certificate of Islamic Investments | 7.3.1 | 42,000                  | 22,000        |
| Pakistan Investment Bonds          | 7.3.2 | 8,921                   | 33,680        |
| <b>Libraries Development Fund</b>  |       |                         |               |
| Pakistan Investment Bonds          | 7.3.3 | 3,959                   | 4,924         |
|                                    |       | <u>54,880</u>           | <u>60,604</u> |

- 7.3.1 This represents Certificates of Islamic Investment of a bank amounting to Rs. 42 million (2015: Rs. 22 million). These certificates carry mark-up at rates ranging between 5.99% to 8.04% (2015: 8.03% to 8.75%) per annum and are maturing on various dates upto June 30, 2022.
- 7.3.2 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 8.97 million (2015: Rs. 34.00 million). Profit is receivable on half yearly basis with yield at rates ranging from 8.02% to 12.42% (2015: 11.85% to 12.42%) per annum. These PIBs have term of three to five years and are maturing on various dates upto March 26, 2020.
- 7.3.3 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 3.91 million (2015: Rs. 4.98 million). Profit is receivable on half yearly basis with yield at rates ranging from 8.02% to 12.42% (2015: 11.85% to 12.42%) per annum. These PIBs have term of three to five years and are maturing on various dates upto March 26, 2020.

### 7.4 Southern Regional Committee

|                                    |       | 2016                    | 2015          |
|------------------------------------|-------|-------------------------|---------------|
|                                    |       | ----- Rs. in '000 ----- |               |
| Certificate of Islamic Investments |       |                         |               |
| Accumulated Fund                   | 7.4.1 | 19,584                  | 12,800        |
| H.J. Irani Memorial Fund           | 7.4.2 | 153                     | -             |
|                                    |       | <u>19,737</u>           | <u>12,800</u> |



- 7.4.1 This represents placements in Certificates of Islamic Investments of a bank amounting to Rs. 19.23 million (2015: Rs. 12.61 million). These certificates carry mark-up at rates ranging from 5.27% to 7.88% (2015: 6.88% to 9.07%) per annum and are maturing on various dates latest by June 30, 2021. Accrued mark-up aggregating to Rs. 0.35 million (2015: Rs. 0.19 million) is included in the carrying value.
- 7.4.2 This represent Certificate of Islamic Investments of a bank amounting to Rs. 0.15 million (2015: Nil). This certificate carries mark-up at the rates ranging from 5.41% to 7.00% (2015: Nil) per annum and will mature on October 31, 2018. Accrued mark-up aggregating to Rs. 0.006 million (2015: Nil) is included in the carrying value.

## 7.5 Benevolent Fund

|                              | Note  | 2016<br>----- Rs. in '000 ----- | 2015         |
|------------------------------|-------|---------------------------------|--------------|
| Defence Savings Certificates | 7.5.1 | 4,092                           | 3,651        |
| Special Savings Certificates | 7.5.2 | 65,627                          | -            |
|                              |       | <u>69,719</u>                   | <u>3,651</u> |

- 7.5.1 This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 2 million (2015: Rs. 2 million). These certificates have been placed for a term of ten years, maturing on April 7, 2020. These carry mark-up at the effective rate of 12.10% (2015: 12.10%) per annum. Accrued mark-up aggregating to Rs. 2.09 million (2015: Rs. 1.65 million) is included in the carrying value.
- 7.5.2 This represents investment in Special Savings Certificates, having aggregate face value of Rs. 62 million (2015: Rs. Nil). These certificates have been placed for a term of three years and are maturing on September 28, 2018. These carry mark-up at effective rate of 7.74% (2015: Nil) per annum. Accrued mark-up aggregating Rs. 3.63 million (2015: Nil) is included in the carrying value.

**8. LOANS, ADVANCES AND DEPOSITS**

|  | Note      | 2016                    | 2015    |
|--|-----------|-------------------------|---------|
|  |           | ----- Rs. in '000 ----- |         |
| Motor Cycle loans (secured - considered good)                  | 8.1       | 1,014                   | 752     |
| Less: Recoverable within one year grouped under current assets | 11        | (325)                   | (215)   |
|  |           | 689                     | 537     |
| Advances (secured - considered good)                           | 8.2 & 8.3 | 2,150                   | 1,679   |
| Less: Recoverable within one year grouped under current assets |           | (642)                   | (469)   |
|  |           | 1,508                   | 1,210   |
| Interest free education loans - unsecured considered good      |           | 1,593                   | 2,312   |
| considered doubtful  |           | 3,233                   | 2,700   |
|  |           | 4,826                   | 5,012   |
| Less: Provision for doubtful loans                             |           | (3,233)                 | (2,700) |
|  |           | 1,593                   | 2,312   |
| Deposits   |           | 3,852                   | 3,499   |
| Advance rent   |           | 165                     | 447     |
| Advance against purchase of property, plant and equipment      |           | -                       | 191     |
|  |           | 7,807                   | 8,196   |

- 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 five 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 benefit.
- 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. 0.923 million (2015: Rs. 1.261 million) due from key management personnel.

**9. STOCK OF STUDY PACKS, PUBLICATIONS AND SOUVENIRS**

|                                     | Note | 2016<br>---- Rs. in '000 ---- | 2015         |
|-------------------------------------|------|-------------------------------|--------------|
| Stock of study packs                |      | 8,010                         | 4,410        |
| Stock of publications and souvenirs |      | 10,197                        | 4,078        |
|                                     |      | 18,207                        | 8,488        |
| Less: Provision for obsolete stock  | 9.1  | (883)                         | -            |
|                                     |      | <u>17,324</u>                 | <u>8,488</u> |

**9.1 Provision for obsolete stock comprises:**

|                                      |  |            |          |
|--------------------------------------|--|------------|----------|
| Balance at the beginning of the year |  | -          | -        |
| Provision recognised during the year |  | 883        | -        |
| Balance at the end of the year       |  | <u>883</u> | <u>-</u> |

**10. SHORT TERM INVESTMENTS****Held to maturity**

|                             |      |         |        |
|-----------------------------|------|---------|--------|
| General Fund                | 10.1 | 108,379 | -      |
| Specific Fund: Prize Fund   | 10.2 | 3,215   | 2,724  |
| Endowment Funds             | 10.3 | 28,815  | -      |
| Southern Regional Committee | 10.4 | 3,300   | 6,087  |
| Northern Regional Committee | 10.5 | 9,081   | 9,126  |
| Benevolent Fund             | 10.6 | 16,395  | 72,140 |

**Available for sale**

|                 |      |                |               |
|-----------------|------|----------------|---------------|
| Benevolent Fund | 10.6 | 6,153          | 5,501         |
|                 |      | <u>175,338</u> | <u>95,578</u> |

**10.1 General Fund****Held to maturity**

|                           |        |                |          |
|---------------------------|--------|----------------|----------|
| Certificate of Investment | 10.1.1 | 50,009         | -        |
| Pakistan Investment Bonds | 10.1.2 | 58,370         | -        |
|                           |        | <u>108,379</u> | <u>-</u> |

10.1.1 This represents certificate of investment having face value of Rs. 50 million (2015: Nil). This certificate carries mark-up at the rate of 6.30% (2015: Nil) per annum and is maturing on June 30, 2017. Accrued mark-up aggregating to Rs. 0.009 million (2015: Nil) is included in the carrying value.

10.1.2 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 58.39 million (2015: Nil). Profit is receivable on half yearly basis with yield at rates ranging from 11.75% to 12.03% (2015: Nil) per annum. These PIBs have term of three years and are maturing on July 18, 2016.

## 10.2 Specific Fund: Prize Fund

|                           | Note   | 2016<br>----- Rs. in '000 ----- | 2015         |
|---------------------------|--------|---------------------------------|--------------|
| Term Deposit Receipts     | 10.2.1 | 2,720                           | 2,724        |
| Pakistan Investment Bonds | 10.2.1 | 495                             | -            |
|                           |        | <u>3,215</u>                    | <u>2,724</u> |

10.2.1 This represents investment in Term Deposit Receipts (TDRs) of a financial institution, having aggregate face value of Rs. 2.7 million (2015: Rs. 2.7 million). These carry mark-up at rates ranging from 6.00% to 6.10% (2015: 7.6% to 9.0%) per annum and are maturing on various dates upto April 2017. Accrued mark-up aggregating Rs. 0.02 million (2015: Rs. 0.02 million) is included in the carrying value.

10.2.2 This represents investment in Pakistan Investment Bond (PIB) having face value of Rs. 0.49 million (2015: Nil). Profit is receivable on half yearly basis with yield at the rate of 11.85% (2015: Nil) per annum. This PIB has a term of three years and is maturing on July 18, 2016.

## 10.3 Endowment Funds

|                                   |        | 2016<br>----- Rs. in '000 ----- | 2015     |
|-----------------------------------|--------|---------------------------------|----------|
| <b>Students' Endowment Fund</b>   |        |                                 |          |
| Held to maturity                  |        |                                 |          |
| Pakistan Investment Bonds         | 10.3.1 | 25,865                          | -        |
| <b>Libraries Development Fund</b> |        |                                 |          |
| Held to maturity                  |        |                                 |          |
| Pakistan Investment Bonds         | 10.3.2 | 2,950                           | -        |
|                                   |        | <u>28,815</u>                   | <u>-</u> |

10.3.1 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 25.87 million (2015: Nil). Profit is receivable on half yearly basis with yield at rates ranging from 11.85% to 12.03% (2015: Nil) per annum. These PIBs have term of three years and are maturing on July 18, 2016.

10.3.2 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 2.95 million (2015: Nil). Profit is receivable on half yearly basis with yield at rates ranging from 11.85% to 12.03% (2015: Nil) per annum. These PIBs have term of three years and are maturing on July 18, 2016.

#### 10.4 Southern Regional Committee

|   | Note   | 2016<br>----- Rs. in '000 ----- | 2015         |
|---|--------|---------------------------------|--------------|
| <b>Certificates of Islamic Investment</b> |        |                                 |              |
| Accumulated Fund                          | 10.4.1 | 3,300                           | 5,940        |
| H.J. Irani Memorial Fund                  |        | -                               | 147          |
|   |        | <u>3,300</u>                    | <u>6,087</u> |

10.4.1 This represent investment in Islamic Certificates aggregating Rs. 3.3 million (2015: Rs. 5.92 million). These certificates carry mark-up at rates ranging from 4.80% to 7.63% (2015: 5.96% to 7.56%) per annum and are maturing on various dates upto June 30, 2017.

#### 10.5 Northern Regional Committee

|                                    |        | 2016<br>----- Rs. in '000 ----- | 2015  |
|------------------------------------|--------|---------------------------------|-------|
| Certificates of Islamic Investment | 10.5.1 | 9,081                           | 9,126 |

10.5.1 This represents investment in Islamic Certificates aggregating Rs. 9.00 million (2015: Rs. 9.00 million). These certificates carry mark-up at rates ranging from 4.59% to 6.48% (2015: 7.50%) per annum and is maturing on April 23, 2017.

#### 10.6 Benevolent Fund

|                              |        | 2016<br>----- Rs. in '000 ----- | 2015          |
|------------------------------|--------|---------------------------------|---------------|
| <b>Held to maturity</b>      |        |                                 |               |
| Treasury bills               | 10.6.1 | 9,894                           | 38,684        |
| Special Savings Certificates |        | -                               | 33,456        |
| Certificate of investments   | 10.6.2 | 6,501                           | -             |
|                              |        | <u>16,395</u>                   | <u>72,140</u> |
| <b>Available for sale</b>    |        |                                 |               |
| Investments in equity shares | 10.6.3 | 6,153                           | 5,501         |
|                              |        | <u>22,548</u>                   | <u>77,641</u> |

- 10.6.1 This represents investment in Treasury Bills amounting Rs. 9.76 million (2015: Rs. 38.31 million). These bills carry mark-up at rates ranging between 5.99% to 6.20% (2015: 6.75% to 9.10%) per annum maturing on various dates upto September 15, 2016. Accrued mark-up aggregating to Rs. 0.13 million (2015: Rs. 0.37 million) is included in the carrying value.
- 10.6.2 This represents Certificate of Investment aggregating to Rs. 6.5 million (2015: Nil). This certificate carries mark-up at rate of 6.20% (2015: Nil) per annum and will mature on January 03, 2017. Accrued mark-up aggregating to Rs.0.001 million (2015: Nil) is included in the carrying value.

### 10.6.3 Investments in equity shares

|   | Note | 2016<br>----- Rs. in '000 ----- | 2015  |
|---|------|---------------------------------|-------|
| The Hub Power Company Limited                         |      |                                 |       |
| As on July 01   |      | 3,744                           | 2,350 |
| Surplus on re-measurement                             |      | 1,060                           | 1,394 |
| Market value of 40,000 ordinary shares as on June 30, |      | 4,804                           | 3,744 |
| Fauji Fertilizer Company Limited                      |      |                                 |       |
| As on July 01   |      | 1,757                           | 1,320 |
| (Deficit) / surplus on re-measurement                 |      | [408]                           | 437   |
| Market value of 11,767 ordinary shares as on June 30, |      | 1,349                           | 1,757 |
|   |      | 6,153                           | 5,501 |

The fair value of shares traded in active market is based on quoted price at the balance sheet date. These financial instruments are classified under level 1.

**11. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES**

|   | Note | 2016<br>----- Rs. in '000 ----- | 2015    |
|---|------|---------------------------------|---------|
| Current portion of :  | 8    |                                 |         |
| Motor Cycle loans   |      | 325                             | 215     |
| Long term advance   |      | 642                             | 469     |
|   |      | 967                             | 684     |
| Advances: (considered good)                                 |      |                                 |         |
| Secured:  |      |                                 |         |
| Executives (key management personnel)                       |      | 858                             | 251     |
| Employees   |      | 674                             | 508     |
|   |      | 1,532                           | 759     |
| Unsecured:  |      |                                 |         |
| Income tax  |      | 3,689                           | 3,434   |
| Rent  |      | 2,860                           | 3,053   |
| Suppliers and others  |      | 1,728                           | 1,431   |
|   |      | 8,277                           | 7,918   |
| Less: Provision against advance income tax                  |      | (3,689)                         | (3,434) |
|   |      | 4,588                           | 4,484   |
| Prepayments   |      | 3,684                           | 3,837   |
| Mark-up / profit accrued on:                                |      |                                 |         |
| Term deposit receipts / Certificates of Islamic investments |      | 979                             | 673     |
| Pakistan Investment Bonds                                   |      | 18,593                          | 16,567  |
|   |      | 19,572                          | 17,240  |
| Other receivables (considered good)                         | 11.1 | 12,404                          | 11,276  |
|   |      | 42,747                          | 38,280  |

**11.1 Other receivables (considered good)**

|   |        |        |        |
|---|--------|--------|--------|
| Advertisement income receivable         |        | 69     | 69     |
| Due on account of rental of facilities  |        | -      | 58     |
| Due in respect of CFO conference        |        | 5,727  | 431    |
| Due from Employees' Provident Fund      |        | 81     | -      |
| Fee in transit                          | 11.1.1 | 4,478  | 5,210  |
| Receivables from National Saving Centre |        | -      | 4,096  |
| Miscellaneous                           | 11.1.2 | 2,049  | 1,412  |
|   |        | 12,404 | 11,276 |



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

11.1.2 This includes Rs. 0.428 million (2015: Rs. 0.206 million) receivable from key management personnel.

## 12. CASH AND BANK BALANCES

|                                     | Note | 2016                    | 2015   |
|-------------------------------------|------|-------------------------|--------|
|                                     |      | ----- Rs. in '000 ----- |        |
| <b>General Fund</b>                 |      |                         |        |
| Cash in hand                        |      | 444                     | 224    |
| Local currency                      |      | 147                     | 230    |
| Foreign currency                    |      | 591                     | 454    |
| Cash at banks in :                  |      |                         |        |
| Current accounts                    |      |                         |        |
| Local currency                      |      | 4,108                   | 3,104  |
| Foreign currency                    |      | 105                     | 102    |
|                                     |      | 4,213                   | 3,206  |
| PLS Saving accounts                 |      |                         |        |
| Local currency                      | 12.1 | 54,036                  | 22,757 |
| Foreign currency                    | 12.2 | 1,055                   | 1,237  |
|                                     |      | 55,091                  | 23,994 |
| <b>Prize Fund</b>                   |      |                         |        |
| Cash at bank in PLS Saving accounts | 12.1 | 845                     | 304    |
| <b>Students' Endowment Fund</b>     |      |                         |        |
| Cash at banks in:                   |      |                         |        |
| Current accounts                    |      | 839                     | 816    |
| PLS Saving accounts                 | 12.1 | 2,553                   | 728    |
|                                     |      | 3,392                   | 1,544  |
| <b>Southern Regional Committee</b>  |      |                         |        |
| Cash in hand                        |      | 16                      | 24     |
| Cash at banks in:                   |      |                         |        |
| Current accounts                    |      | 140                     | 1,230  |
| PLS Saving accounts                 | 12.1 | 741                     | 3,275  |
|                                     |      | 881                     | 4,505  |
| <b>Northern Regional Committee</b>  |      |                         |        |
| Cash in hand                        |      | 53                      | 69     |
| Cash at banks in:                   |      |                         |        |
| Current accounts                    |      | 628                     | 249    |
| PLS Saving accounts                 | 12.1 | 1,728                   | 1,004  |
|                                     |      | 2,356                   | 1,253  |
| <b>Benevolent Fund</b>              |      |                         |        |
| Cash at banks in:                   |      |                         |        |
| PLS Saving accounts                 | 12.1 | 1,847                   | 1,478  |
|                                     |      | 69,285                  | 36,831 |

- 12.1 These carry mark-up at the rate upto 5.50% (2015: 6.75%) per annum.
- 12.2 These carry mark-up at the rate upto 0.10% (2015: upto 0.10%) per annum.

### 13. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

|   | Note | 2016<br>----- Rs. in '000 ----- | 2015          |
|---|------|---------------------------------|---------------|
| Creditors   |      | 34,942                          | 12,548        |
| Accrued expenses                                  |      | 35,921                          | 15,274        |
| Other liabilities                                 |      |                                 |               |
| Chartered Accountant Students' Association (CASA) |      | 532                             | 544           |
| Retention money                                   |      | 854                             | 666           |
| IFRS Foundation royalty                           |      | 456                             | 546           |
| Others  | 13.1 | 3,629                           | 1,841         |
|   |      | 5,471                           | 3,597         |
|   |      | <u>76,334</u>                   | <u>31,419</u> |

- 13.1 This includes Rs. 0.192 million (2015: Rs. 0.362 million) and Rs. 0.333 million (2015: Rs. 0.131 million) payable to Council Members and key management personnel respectively.

### 14. FEE AND CHARGES RECEIVED IN ADVANCE

|   | 2016<br>----- Rs. in '000 ----- | 2015          |
|---|---------------------------------|---------------|
| Fee received in advance from / on account of: |                                 |               |
| Members                                       | 25,603                          | 28,075        |
| Examinations                                  | 52,759                          | 41,615        |
| Others  | 3,353                           | 1,569         |
| Advance life insurance premium from members   | 2,717                           | 1,960         |
| Advance health insurance premium from members | -                               | 144           |
|   | <u>84,432</u>                   | <u>73,363</u> |

## 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 and the matter is sub judice, 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 organisations 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 Sindh Revenue Board issued a notice to the Institute dated May 27, 2015, demanding Sindh Sales Tax amounting to Rs. 37.77 million on the grounds that the Institute has charged fee from its members for authorization to practice as chartered accountants, treating it as franchising fee which is chargeable to tax under Sindh Sales tax on Services Act, 2011. The Institute filed a petition in the Honorable High Court of Sindh against the aforementioned notice, and the said notice was suspended till the next date of hearing by the Honorable High Court vide its order dated June 11, 2015. 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 amount.
- 15.4 Commitments in respect of capital expenditure as at the reporting date aggregated to Rs. 15.40 million (2015: Rs. 6.43 million).

## 16. MEMBERS' SUBSCRIPTION

|                             | Note | 2016                    | 2015           |
|-----------------------------|------|-------------------------|----------------|
|                             |      | ----- Rs. in '000 ----- |                |
| Annual subscription         | 16.1 | 113,010                 | 101,038        |
| Admission fee               |      | 1,698                   | 1,084          |
| Practicing certificate fee  |      | 15,177                  | 13,638         |
| Foreign affiliation fee     |      | 121                     | 121            |
| Duplicate identity card fee |      | 107                     | 94             |
|                             |      | <u>130,113</u>          | <u>115,975</u> |

**16.1 Annual subscription**

Note

**2016****2015**

----- Rs. in '000 -----

General Fund  
Southern Region  
Northern Region  
Benevolent Fund

|                |                |
|----------------|----------------|
| 92,294         | 85,014         |
| 2,953          | 2,808          |
| 2,182          | 2,080          |
| 15,581         | 11,136         |
| <u>113,010</u> | <u>101,038</u> |

**17. EXAMINATION AND OTHER FEES**

Examination fee  
Annual subscription from students  
Examination conducting fee  
Fee for duplicate certificate

|                |                |
|----------------|----------------|
| 476,084        | 405,840        |
| 29,940         | 24,380         |
| -              | 2,755          |
| 2,509          | 2,816          |
| <u>508,533</u> | <u>435,791</u> |

**18. EDUCATION AND TRAINING FEES**

Registration fee  
Registered Accounting Education Tutors' fee  
Training organization fee

|                |               |
|----------------|---------------|
| 99,144         | 79,563        |
| 1,360          | 1,883         |
| 351            | 222           |
| <u>100,855</u> | <u>81,668</u> |

**19. PUBLICATIONS**

Accounting Standards  
Auditing Standards  
Study packs  
Gripping IFRS  
Miscellaneous

19.1

|              |              |
|--------------|--------------|
| 2,592        | 3,436        |
| 1,016        | 744          |
| 2,435        | 1,657        |
| 242          | 297          |
| 1,482        | 638          |
| <u>7,767</u> | <u>6,772</u> |

19.1 This represent income generated from sale of study packs to members, RAETs and others.

**20. OTHER INCOME**

|  | Note | 2016                    | 2015          |
|--|------|-------------------------|---------------|
|  |      | ----- Rs. in '000 ----- |               |
| Income derived from utilization of facilities                                |      | 4,292                   | 3,893         |
| Gain on sale of fixed assets - net   | 5.3  | 694                     | -             |
| Net income from seminar, conferences and other events                        | 20.1 | -                       | 2,305         |
| Surplus on Directors' Training Programs                                      | 20.2 | 19,484                  | 2,627         |
| Miscellaneous  |      | 601                     | 1,333         |
| Balance written back   |      | -                       | 1,905         |
|  |      | <u>25,071</u>           | <u>12,063</u> |
| <b>20.1 Net (deficit)/surplus from seminar, conferences and other events</b> |      |                         |               |
| Contributions from members, sponsors and others                              |      | 55,601                  | 39,788        |
| Less: Expenses incurred  |      | (56,378)                | (37,483)      |
|  |      | <u>(777)</u>            | <u>2,305</u>  |
| <b>20.2 Surplus on Directors' Training Programs</b>                          |      |                         |               |
| Fee received for the training  |      | 34,337                  | 10,718        |
| Less: Expenses incurred on training  |      | (14,853)                | (8,091)       |
|  |      | <u>19,484</u>           | <u>2,627</u>  |

**21. SALARIES, ALLOWANCES AND OTHER BENEFITS**

Salaries, allowances and other benefits include Rs. 11.361 million (2015: Rs. 10.497 million) in respect of staff retirement benefits.

**22. TRAVELING AND RELATED EXPENSES**

Note

**2016****2015**

----- Rs. in '000 -----

Expenses incurred in respect of meetings and conferences attended by:

Members of the Council

Members of the Committees

Staff of the Institute

Secretary / Chief Operating Officer, Directors

and other executives

Other staff

14,072

14,003

2,010

1,371

5,009

4,770

4,200

4,374

9,209

9,144

25,291

24,518

**23. STUDY PACKS AND OTHER PUBLICATIONS**

Study packs:

Opening stock

Cost of publication of study packs

Less: Closing stock

Other publications

4,410

7,473

28,415

25,325

(8,010)

(4,410)

24,815

28,388

10,147

7,342

34,962

35,730

**24. FINANCIAL ASSISTANCE TO STUDENTS**

This represents disbursement made out of Students' Endowment Fund.

**25. OTHERS**

|  | Note | 2016<br>----- Rs. in '000 ----- | 2015          |
|--|------|---------------------------------|---------------|
| Fee to professional bodies                             |      | 4,560                           | 3,184         |
| Auditors' remuneration                                 | 25.1 | 778                             | 721           |
| Meeting and related expenses                           |      | 1,482                           | 1,628         |
| Books and publications                                 |      | 614                             | 536           |
| Conveyance   |      | 296                             | 327           |
| Entertainment / meeting expenses                       |      | 2,452                           | 2,468         |
| Bank charges   |      | 4,957                           | 4,428         |
| Insurance  |      | 2,879                           | 2,737         |
| Study pack and publications written off                |      | -                               | 3,973         |
| Provision for obsolete stock / study packs             |      | 883                             | -             |
| Provision against advance income tax                   |      | 255                             | 3,434         |
| Provision for doubtful students' loans                 |      | 533                             | -             |
| Training expenses                                      |      | 2,001                           | 2,293         |
| Online Education and Research Facility                 |      | 1,694                           | 2,225         |
| Loss on sale of operating fixed assets - net           | 5.3  | -                               | 267           |
| Honoraria to article writers                           |      | 247                             | 309           |
| Sports and recreation                                  |      | 514                             | 486           |
| Balance written off                                    |      | 7                               | 153           |
| Net deficit from seminar, conferences and other events | 20.1 | 777                             | -             |
| Sundry expenses  |      | 2,226                           | 3,462         |
|  |      | <u>27,155</u>                   | <u>32,631</u> |

**25.1 Auditors' remuneration**

|                        |  |            |            |
|------------------------|--|------------|------------|
| Audit fee              |  |            |            |
| Abdul Hameed Chaudhri  |  | 320        | 267        |
| Qasim Ebrahim Causer   |  | 320        | 242        |
| Najeeb Mochhala        |  | -          | 50         |
|                        |  | <u>640</u> | <u>559</u> |
| Out of pocket expenses |  | 138        | 162        |
|                        |  | <u>778</u> | <u>721</u> |



**26. FINANCE INCOME**

Note

**2016****2015**

----- Rs. in '000 -----

**General Fund**

Markup on:

Term Deposit Receipts/Certificates of  
Islamic Investment  
Pakistan Investment Bonds  
PLS saving accounts

Exchange gain - net

**Specific Fund****Endowment Funds****Southern Regional Committee****Northern Regional Committee****Benevolent Fund**

|         |        |
|---------|--------|
| 5,618   | 5,309  |
| 39,168  | 32,832 |
| 6,511   | 5,594  |
| 51,297  | 43,735 |
| 87      | 175    |
| 51,384  | 43,910 |
| 396     | 353    |
| 7,912   | 6,557  |
| 1,406   | 1,793  |
| 545     | 852    |
| 7,079   | 7,682  |
| 68,722  | 61,147 |
| 69,285  | 36,831 |
| 97,569  | 59,133 |
| 166,854 | 95,964 |

**27. CASH AND CASH EQUIVALENTS**

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

Cash and bank balances

Short term investments realisable within three months

**28. TRANSACTIONS WITH RELATED PARTIES**

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

| Relationship with the Institute   | Nature of transactions   | 2016                              | 2015                     |
|---|--|-----------------------------------|--------------------------|
| <b>Staff retirement benefit plans:</b>  | Contribution paid to:<br>Provident Fund  | ----- Rs. in '000 -----<br>11,452 | 10,576                   |
| <b>Key management personnel:</b><br>Secretary / COO, Directors<br>and Senior Managers | Consideration received against<br>sale of fixed assets<br>Managerial remuneration<br>Reimbursement of expenses | 3,112<br>105,223<br>4,503         | 2,847<br>99,390<br>5,405 |
| <b>Members of the council</b>   | Membership fee received<br>Reimbursement of expenses   | 577<br>5,482                      | 514<br>6,112             |

28.1 Detail of expenses incurred in respect of traveling of members of the council, members of the committees, secretary, 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, Executive Directors, Directors and Senior Managers as its key management personnel.

## 29. REMUNERATION AND BENEFITS OF SECRETARY / CHIEF OPERATING OFFICER, DIRECTORS AND SENIOR MANAGERS

The aggregate amounts charged in the financial statements of the year for remuneration including certain benefits to secretary/chief operating officer, directors and senior managers of the Institute are as follows:

|   | Secretary / Chief<br>Operating Officer |              | Directors and<br>Senior Managers |               |
|---|--|--------------|----------------------------------|---------------|
|   | 2016                                   | 2015         | 2016                             | 2015          |
|   | ----- Rs. in '000 -----                |              |                                  |               |
| Managerial remuneration                             | 11,435                                 | 9,701        | 93,311                           | 89,194        |
| Defined contribution plan - employee provident fund | -                                      | -            | 4,883                            | 4,794         |
| Annual membership fee                               | 20                                     | 19           | 457                              | 476           |
| Fuel, maintenance and utilities                     | -                                      | 186          | 3,940                            | 5,213         |
|   | <u>11,455</u>                          | <u>9,906</u> | <u>102,591</u>                   | <u>99,677</u> |
| Number of persons                                   | <u>1</u>                               | <u>2</u>     | <u>31</u>                        | <u>32</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, Executive Directors, Directors and certain executives of the Institute are also provided with the Institute's maintained cars/monetization allowance in lieu thereof.

### 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:

#### 30.1 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

##### 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:

#### 2016

##### Income

- from members
- from students
- others

##### Expenditure (30.1.3)

Finance income and surplus on remeasurement of investment - unallocated  
Excess of income over expenditure

| Examination             | Education | Membership | General Services | Total          |
|-------------------------|-----------|------------|------------------|----------------|
| ----- Rs. in '000 ----- |           |            |                  |                |
| -                       | -         | 130,113    | -                | 130,113        |
| 508,533                 | 100,855   | -          | -                | 609,388        |
| -                       | -         | -          | 32,838           | 32,838         |
| 508,533                 | 100,855   | 130,113    | 32,838           | 772,339        |
| (222,213)               | (116,698) | (119,281)  | (193,886)        | (652,078)      |
|                         |           |            |                  | 120,261        |
|                         |           |            |                  | 69,374         |
|                         |           |            |                  | <u>189,635</u> |

**2015**

|   | Examination             | Education | Membership | General Services | Total     |
|---|-------------------------|-----------|------------|------------------|-----------|
|   | ----- Rs. in '000 ----- |           |            |                  |           |
| Income  |                         |           |            |                  |           |
| - from members  | -                       | -         | 115,975    | -                | 115,975   |
| - from students   | 435,791                 | 81,668    | -          | -                | 517,459   |
| - others  | -                       | -         | -          | 18,835           | 18,835    |
|   | 435,791                 | 81,668    | 115,975    | 18,835           | 652,269   |
| Expenditure (30.1.4)  | (211,871)               | (106,764) | (114,993)  | (168,392)        | (602,020) |
|   |                         |           |            |                  | 50,249    |
| Finance income and deficit on remeasurement of investment - unallocated |                         |           |            |                  | 62,978    |
| Excess of income over expenditure                                       |                         |           |            |                  | 113,227   |

**30.1.3 Expenditure****2016**

|   |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Salaries, allowances and other benefits         | 70,064  | 33,241  | 56,641  | 100,548 | 260,494 |
| Examination charges                             | 98,593  | -       | -       | -       | 98,593  |
| Depreciation                                    | 9,263   | 3,514   | 3,833   | 15,332  | 31,942  |
| Traveling and related expenses                  | 5,874   | 845     | 16,921  | 1,651   | 25,291  |
| Study packs and other publications              | -       | 34,962  | -       | -       | 34,962  |
| Utilities                                       | 6,673   | 2,531   | 2,761   | 11,045  | 23,010  |
| Postage and telephone                           | 4,967   | 1,885   | 2,055   | 8,222   | 17,129  |
| Repairs and maintenance                         | 9,298   | 3,527   | 3,848   | 15,390  | 32,063  |
| Printing and stationery                         | 3,164   | 2,589   | 2,374   | 5,606   | 13,733  |
| Rent, rates and taxes                           | 13      | 7       | 17      | 14,626  | 14,663  |
| Advertisement and exhibition                    | 84      | 15,446  | 917     | 1,871   | 18,318  |
| Amortisation of intangible assets               | 2,226   | 845     | 921     | 3,685   | 7,677   |
| Financial assistance to students                | -       | 8,807   | -       | -       | 8,807   |
| Financial assistance to members and/or families | -       | -       | 16,040  | -       | 16,040  |
| Gold medals and award ceremony                  | 5,249   | -       | -       | -       | 5,249   |
| Chartered Accountants talent program            | -       | 4,179   | -       | -       | 4,179   |
| Vehicles maintenance and running cost           | 1,736   | 1,062   | 1,742   | 1,797   | 6,337   |
| Legal and professional charges                  | 14      | -       | 3,731   | 2,691   | 6,436   |
| Others  | 4,995   | 3,258   | 7,480   | 11,422  | 27,155  |
|   | 222,213 | 116,698 | 119,281 | 193,886 | 652,078 |

**30.1.4 Expenditure  
2015**

|  | Examination             | Education      | Membership     | General Services | Total          |
|--|-------------------------|----------------|----------------|------------------|----------------|
|  | ----- Rs. in '000 ----- |                |                |                  |                |
| Salaries, allowances and other benefits          | 63,177                  | 28,534         | 53,638         | 75,041           | 220,390        |
| Examination charges                              | 103,669                 | -              | -              | -                | 103,669        |
| Depreciation                                     | 7,914                   | 3,482          | 4,432          | 15,817           | 31,645         |
| Traveling and related expenses                   | 4,282                   | 1,004          | 17,331         | 1,901            | 24,518         |
| Study packs and other publications               | -                       | 35,730         | -              | -                | 35,730         |
| Utilities  | 5,121                   | 2,253          | 2,868          | 10,040           | 20,282         |
| Postage and telephone                            | 3,450                   | 1,518          | 1,932          | 6,900            | 13,800         |
| Repairs and maintenance                          | 7,242                   | 3,187          | 4,056          | 14,484           | 28,969         |
| Printing and stationery                          | 2,773                   | 1,952          | 2,397          | 4,650            | 11,772         |
| Rent, rates and taxes                            | 18                      | 5              | 34             | 12,621           | 12,678         |
| Advertisement and exhibition                     | 17                      | 11,726         | 1,212          | 1,293            | 14,248         |
| Amortisation of intangible assets                | 1,775                   | 781            | 994            | 3,578            | 7,128          |
| Financial assistance to students                 | -                       | 6,907          | -              | -                | 6,907          |
| Financial assistance to members and /or families | -                       | -              | 13,079         | -                | 13,079         |
| Gold medals and award ceremony                   | 4,210                   | -              | -              | -                | 4,210          |
| Chartered Accountants talent program             | -                       | 2,640          | -              | -                | 2,640          |
| Vehicles maintenance and running cost            | 2,133                   | 1,294          | 2,471          | 1,965            | 7,863          |
| Legal and professional charges                   | 13                      | 84             | 4,702          | 5,062            | 9,861          |
| Others   | 6,077                   | 5,667          | 5,847          | 15,040           | 32,631         |
|  | <u>211,871</u>          | <u>106,764</u> | <u>114,993</u> | <u>168,392</u>   | <u>602,020</u> |

**30.1.5 Other information  
2016**

|                              |               |              |               |               |                  |
|------------------------------|---------------|--------------|---------------|---------------|------------------|
| Segment assets employed      | 44,176        | 30,684       | 24,718        | 215,198       | 314,776          |
| Unallocated assets           |               |              |               |               | 789,761          |
| Total assets                 |               |              |               |               | <u>1,104,537</u> |
| Segment liabilities employed | <u>74,087</u> | <u>7,308</u> | <u>36,197</u> | <u>43,174</u> | <u>160,766</u>   |

**2015**

|                              |               |              |               |               |                |
|------------------------------|---------------|--------------|---------------|---------------|----------------|
| Segment assets employed      | 33,572        | 24,935       | 20,371        | 210,766       | 289,644        |
| Unallocated assets           |               |              |               |               | 568,946        |
| Total assets                 |               |              |               |               | <u>858,590</u> |
| Segment liabilities employed | <u>50,710</u> | <u>3,917</u> | <u>29,494</u> | <u>20,661</u> | <u>104,782</u> |

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

### 30.2 Geographical segments

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

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

Geographical segment information is also presented in South (includes provinces namely Sindh and Baluchistan) and North (includes provinces namely Punjab, Khyber Pakhtunkhwa and Gilgit Biltistan) regions

#### 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

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.

2016

|  | Karachi                 | Lahore    | Islamabad | Others   | Total     |
|--|-------------------------|-----------|-----------|----------|-----------|
|  | ----- Rs. in '000 ----- |           |           |          |           |
| <b>Income</b>  |                         |           |           |          |           |
| from members   | 55,489                  | 25,804    | 12,774    | 36,046   | 130,113   |
| from students  | 180,024                 | 217,364   | 109,914   | 102,086  | 609,388   |
| others general services - unallocated                                    | -                       | -         | -         | -        | 32,838    |
|  |                         |           |           |          | 772,339   |
| Allocated expenditure - Members & Students                               | (150,991)               | (144,542) | (72,839)  | (89,820) | (458,192) |
| Unallocated expenditure - General Services                               |                         |           |           |          | (193,886) |
| Total expenditure (30.2.3)   |                         |           |           |          | (652,078) |
| Finance income and surplus on remeasurement of investments - unallocated |                         |           |           |          | 69,374    |
| Excess of income over expenditure  |                         |           |           |          | 189,635   |

**2015****Income**

|  | Karachi                 | Lahore    | Islamabad | Others   | Total     |
|--|-------------------------|-----------|-----------|----------|-----------|
|  | ----- Rs. in '000 ----- |           |           |          |           |
| from members   | 48,527                  | 22,937    | 11,391    | 33,120   | 115,975   |
| from students  | 162,130                 | 180,836   | 91,397    | 83,096   | 517,459   |
| others general services - unallocated                                    | -                       | -         | -         | -        | 18,835    |
|  |                         |           |           |          | 652,269   |
| Allocated expenditure - Members and Students                             | (147,950)               | (134,095) | (67,574)  | (84,009) | (433,628) |
| Unallocated expenditure - General Services                               |                         |           |           |          | (168,392) |
| Total expenditure (30.2.4)   |                         |           |           |          | (602,020) |
| Finance income and deficit on remeasurement of investments - unallocated |                         |           |           |          | 62,978    |
| Excess of income over expenditure  |                         |           |           |          | 113,227   |

**30.2.3 Expenditure****2016**

|  |                |                |               |               |                |
|--|----------------|----------------|---------------|---------------|----------------|
| Salaries, allowances and other benefits          | 214,818        | 30,691         | 8,392         | 6,593         | 260,494        |
| Examination charges                              | 54,855         | 20,915         | 10,489        | 12,334        | 98,593         |
| Depreciation                                     | 21,829         | 5,600          | 1,838         | 2,675         | 31,942         |
| Traveling and related expenses                   | 14,185         | 7,973          | 1,953         | 1,180         | 25,291         |
| Study packs and other publications               | 16,988         | 9,791          | 4,631         | 3,552         | 34,962         |
| Utilities  | 12,776         | 4,996          | 2,286         | 2,952         | 23,010         |
| Postage and telephone                            | 11,467         | 2,847          | 1,275         | 1,540         | 17,129         |
| Repairs and maintenance                          | 10,642         | 7,776          | 4,751         | 8,894         | 32,063         |
| Printing and stationery                          | 12,089         | 1,242          | 237           | 165           | 13,733         |
| Rent, rates and taxes                            | 3,845          | 2,416          | 432           | 7,970         | 14,663         |
| Advertisement and exhibition                     | 5,147          | 8,334          | 1,840         | 2,997         | 18,318         |
| Amortisation of intangible assets                | 7,677          | -              | -             | -             | 7,677          |
| Financial assistance to students                 | 4,687          | 2,418          | 937           | 765           | 8,807          |
| Financial assistance to members and/or families  | 8,035          | 5,704          | 1,667         | 634           | 16,040         |
| Gold medals and award ceremony                   | 5,249          | -              | -             | -             | 5,249          |
| Chartered Accountants talent program             | 1,168          | 831            | 519           | 1,661         | 4,179          |
| Vehicles maintenance and running cost            | 5,151          | 1,003          | 155           | 28            | 6,337          |
| Legal and professional charges                   | 5,731          | 25             | 180           | 500           | 6,436          |
| Others   | 22,520         | 2,390          | 1,670         | 575           | 27,155         |
| <b>Expenditure - as and where incurred</b>       | <b>438,859</b> | <b>114,952</b> | <b>43,252</b> | <b>55,015</b> | <b>652,078</b> |
| Inter-segment allocation/transfer to unallocated | (287,868)      | 29,590         | 29,587        | 34,805        | (193,886)      |
| Allocated expenditure - Members and Students     | 150,991        | 144,542        | 72,839        | 89,820        | 458,192        |
| Unallocated expenditure - General Services       |                |                |               |               | 193,886        |
| <b>Expenditure</b>                               |                |                |               |               | <b>652,078</b> |



### 30.2.4 Expenditure 2015

|  | Karachi                 | Lahore         | Islamabad     | Others        | Total          |
|--|-------------------------|----------------|---------------|---------------|----------------|
|  | ----- Rs. in '000 ----- |                |               |               |                |
| Salaries, allowances and other benefits          | 180,676                 | 25,406         | 8,958         | 5,350         | 220,390        |
| Examination charges                              | 55,665                  | 23,962         | 11,108        | 12,934        | 103,669        |
| Depreciation                                     | 21,854                  | 5,511          | 1,933         | 2,347         | 31,645         |
| Traveling and related expenses                   | 13,838                  | 7,551          | 2,213         | 916           | 24,518         |
| Study packs and other publications               | 15,078                  | 10,983         | 5,679         | 3,990         | 35,730         |
| Utilities  | 10,605                  | 4,921          | 2,479         | 2,277         | 20,282         |
| Postage and telephone                            | 8,648                   | 2,358          | 1,301         | 1,493         | 13,800         |
| Repairs and maintenance                          | 11,658                  | 6,637          | 4,595         | 6,079         | 28,969         |
| Printing and stationery                          | 10,387                  | 971            | 214           | 200           | 11,772         |
| Rent, rates and taxes                            | 3,650                   | 2,282          | 449           | 6,297         | 12,678         |
| Advertisement and exhibition                     | 4,546                   | 6,931          | 1,362         | 1,409         | 14,248         |
| Amortisation of intangible assets                | 7,128                   | -              | -             | -             | 7,128          |
| Financial assistance to students                 | 1,147                   | 3,441          | 1,261         | 1,058         | 6,907          |
| Financial assistance to members and/or families  | 6,226                   | 5,008          | 1,845         | -             | 13,079         |
| Gold medals and award ceremony                   | 4,210                   | -              | -             | -             | 4,210          |
| Chartered Accountants talent program             | 567                     | 451            | 541           | 1,081         | 2,640          |
| Vehicles maintenance and running cost            | 6,459                   | 1,118          | 273           | 13            | 7,863          |
| Legal and professional charges                   | 9,376                   | 470            | -             | 15            | 9,861          |
| Others   | 27,698                  | 2,501          | 1,812         | 620           | 32,631         |
| <b>Expenditure - as and where incurred</b>       | <b>399,416</b>          | <b>110,502</b> | <b>46,023</b> | <b>46,079</b> | <b>602,020</b> |
| Inter-segment allocation/transfer to unallocated | (251,466)               | 23,593         | 21,551        | 37,930        | (168,392)      |
| Allocated expenditure - Members & Students       | 147,950                 | 134,095        | 67,574        | 84,009        | 433,628        |
| Unallocated expenditure - General Services       |                         |                |               |               | 168,392        |
| <b>Total expenditure</b>                         |                         |                |               |               | <b>602,020</b> |

### 30.2.5 Other information 2016

|                              |         |        |        |        |                  |
|------------------------------|---------|--------|--------|--------|------------------|
| Segment assets employed      | 214,655 | 54,269 | 21,835 | 24,017 | 314,776          |
| Unallocated assets           |         |        |        |        | 789,761          |
| <b>Total assets</b>          |         |        |        |        | <b>1,104,537</b> |
| Segment liabilities employed | 56,473  | 10,776 | 8,438  | 647    | 76,334           |
| Unallocated liabilities      |         |        |        |        | 84,432           |
| <b>Total liabilities</b>     |         |        |        |        | <b>160,766</b>   |

**2015**

|                              | Karachi     | Lahore | Islamabad | Others | Total   |
|------------------------------|-------------|--------|-----------|--------|---------|
|                              | Rs. in '000 |        |           |        |         |
| Segment assets employed      | 190,700     | 56,201 | 20,797    | 21,946 | 289,644 |
| Unallocated assets           |             |        |           |        | 568,946 |
| Total assets                 |             |        |           |        | 858,590 |
| Segment liabilities employed | 29,647      | 433    | 20        | 1,319  | 31,419  |
| Unallocated liabilities      |             |        |           |        | 73,363  |
| Total liabilities            |             |        |           |        | 104,782 |

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

**30.3.1 Income****2016**

|  | South       | North     | Total     |
|--|-------------|-----------|-----------|
|  | Rs. in '000 |           |           |
| from members   | 75,043      | 55,070    | 130,113   |
| from students  | 195,488     | 413,900   | 609,388   |
| others general services - unallocated                                    |             |           | 32,838    |
|  |             |           | 772,339   |
| Allocated expenditure - Members and Students                             | (177,516)   | (280,676) | (458,192) |
| Unallocated expenditure - General Services                               |             |           | (193,886) |
| Total expenditure (30.3.3)   |             |           | (652,078) |
| Finance income and surplus on remeasurement of investments - unallocated |             |           | 69,374    |
| Excess of income over expenditure  |             |           | 189,635   |

**30.3.2 Income****2015**

|  |           |           |           |
|--|-----------|-----------|-----------|
| from members   | 66,828    | 49,147    | 115,975   |
| from students  | 176,039   | 341,420   | 517,459   |
| others general services - unallocated                                    |           |           | 18,835    |
|  |           |           | 652,269   |
| Allocated expenditure - Members and Students                             | (174,661) | (258,967) | (433,628) |
| Unallocated expenditure - General Services                               |           |           | (168,392) |
| Total expenditure (30.3.4)   |           |           | (602,020) |
| Finance income and surplus on remeasurement of investments - unallocated |           |           | 62,978    |
| Excess of income over expenditure  |           |           | 113,227   |

### 30.3.3 Expenditure 2016

|  | South                   | North          | Total          |
|--|-------------------------|----------------|----------------|
|  | ----- Rs. in '000 ----- |                |                |
| Salaries, allowances and other benefits          | 216,024                 | 44,470         | 260,494        |
| Examination charges                              | 56,725                  | 41,868         | 98,593         |
| Depreciation                                     | 21,940                  | 10,002         | 31,942         |
| Traveling and related expenses                   | 15,154                  | 10,137         | 25,291         |
| Study packs and other publications               | 17,077                  | 17,885         | 34,962         |
| Utilities  | 12,989                  | 10,021         | 23,010         |
| Postage and telephone                            | 11,545                  | 5,584          | 17,129         |
| Repairs and maintenance                          | 10,977                  | 21,086         | 32,063         |
| Printing and stationery                          | 12,124                  | 1,609          | 13,733         |
| Rent, rates and taxes                            | 4,362                   | 10,301         | 14,663         |
| Advertisement and exhibition                     | 5,643                   | 12,675         | 18,318         |
| Amortisation of intangible assets                | 7,677                   | -              | 7,677          |
| Financial assistance to students                 | 4,687                   | 4,120          | 8,807          |
| Financial assistance to members and/or families  | 8,035                   | 8,005          | 16,040         |
| Gold medals and award ceremony                   | 5,249                   | -              | 5,249          |
| Chartered Accountants talent program             | 1,627                   | 2,552          | 4,179          |
| Vehicles maintenance and running cost            | 5,151                   | 1,186          | 6,337          |
| Legal and professional charges                   | 5,731                   | 705            | 6,436          |
| Others   | 22,594                  | 4,561          | 27,155         |
| <b>Expenditure - as and where incurred</b>       | <b>445,311</b>          | <b>206,767</b> | <b>652,078</b> |
| Inter-segment allocation/transfer to unallocated | (267,795)               | 73,909         | (193,886)      |
| Allocated expenditure - Members and Students     | 177,516                 | 280,676        | 458,192        |
| Unallocated expenditure - General Services       |                         |                | 193,886        |
| <b>Expenditure</b>                               |                         |                | <b>652,078</b> |

**30.3.4 Expenditure  
2015**

|  | South                   | North          | Total                 |
|--|-------------------------|----------------|-----------------------|
|  | ----- Rs. in '000 ----- |                |                       |
| Salaries, allowances and other benefits          | 181,447                 | 38,943         | 220,390               |
| Examination charges                              | 57,815                  | 45,854         | 103,669               |
| Depreciation                                     | 21,928                  | 9,717          | 31,645                |
| Traveling and related expenses                   | 14,200                  | 10,318         | 24,518                |
| Study packs and other publications               | 15,080                  | 20,650         | 35,730                |
| Utilities  | 10,765                  | 9,517          | 20,282                |
| Postage and telephone                            | 8,699                   | 5,101          | 13,800                |
| Repairs and maintenance                          | 12,193                  | 16,776         | 28,969                |
| Printing and stationery                          | 10,424                  | 1,348          | 11,772                |
| Rent, rates and taxes                            | 3,914                   | 8,764          | 12,678                |
| Advertisement and exhibition                     | 5,152                   | 9,096          | 14,248                |
| Amortization of intangible assets                | 7,128                   | -              | 7,128                 |
| Financial assistance to students                 | 1,147                   | 5,760          | 6,907                 |
| Financial assistance to members and/or families  | 6,226                   | 6,853          | 13,079                |
| Gold medals and award ceremony                   | 4,210                   | -              | 4,210                 |
| Chartered Accountants talent program             | 567                     | 2,073          | 2,640                 |
| Vehicles maintenance and running cost            | 6,459                   | 1,404          | 7,863                 |
| Legal and professional charges                   | 9,376                   | 485            | 9,861                 |
| Other expenditures                               | 27,755                  | 4,876          | 32,631                |
| <b>Expenditure - as and where incurred</b>       | <u>404,485</u>          | <u>197,535</u> | <u>602,020</u>        |
| Inter-segment allocation/transfer to unallocated | (229,824)               | 61,432         | (168,392)             |
| Allocated expenditure - Members & Students       | 174,661                 | 258,967        | 433,628               |
| Unallocated expenditure - General Services       |                         |                | <u>168,392</u>        |
| <b>Total expenditure</b>                         |                         |                | <u><u>602,020</u></u> |

**30.3.5 Other information  
2016**

|                              | South                   | North  | Total            |
|------------------------------|-------------------------|--------|------------------|
|                              | ----- Rs. in '000 ----- |        |                  |
| Segment assets employed      | 215,451                 | 99,325 | 314,776          |
| Unallocated assets           |                         |        | 789,761          |
| Total assets                 |                         |        | <u>1,104,537</u> |
| Segment liabilities employed | 56,473                  | 19,861 | 76,334           |
| Unallocated liabilities      |                         |        | 84,432           |
| Total liabilities            |                         |        | <u>160,766</u>   |
| <b>2015</b>                  |                         |        |                  |
| Segment assets employed      | 191,372                 | 98,272 | 289,644          |
| Unallocated assets           |                         |        | 568,946          |
| Total assets                 |                         |        | <u>858,590</u>   |
| Segment liabilities employed | 29,647                  | 1,772  | 31,419           |
| Unallocated liabilities      |                         |        | 73,363           |
| Total liabilities            |                         |        | <u>104,782</u>   |

30.3.6 Segment assets primarily consist of property, plant and equipment, loans, advances and receivables. Segment liabilities comprise of advance fee and charges and creditors, accrued 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 foreign exchange risk and interest rate 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. 822.33 million (2015: Rs. 595.69 million) as detailed in note 31.2 below, those that are subject to credit risk aggregate to Rs. 341.81 million (2015: Rs. 198.04 million).

The credit risk on liquid funds maintained with banks / financial institutions and investments was approximately 36% (2015: 27%) of the financial assets of the Institute. The fund of the Institute are held with banks having highest capacity for timely repayment (i.e. having credit rating of at least 'A+'). Accordingly, management does not expect any counter party to fail in meeting their obligations.

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

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

|                                       | Note | 2016                  | 2015           |
|---------------------------------------|------|-----------------------|----------------|
|                                       |      | ---- Rs. in '000 ---- |                |
| Long term investments                 |      | 153,307               | 100,800        |
| Loans and deposits                    |      | 7,641                 | 7,558          |
| Short term investments                |      | 77,762                | 23,438         |
| Loans, advances and other receivables |      | 34,475                | 29,959         |
| Bank balances                         |      | 68,625                | 36,284         |
|                                       |      | <u>341,810</u>        | <u>198,039</u> |

**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, 2016 there is no maturity mismatch between financial assets and liabilities that exposes the Institute to liquidity risk. The following are the contractual maturities of financial liabilities, excluding the impact of netting agreements, if any:

**2016**

Creditors, accrued expenses and other liabilities

| Carrying amount         | Contracted Cash Flows | Six months or less | Six to Twelve months | One to Two years | Two to five years | Over five years |
|-------------------------|-----------------------|--------------------|----------------------|------------------|-------------------|-----------------|
| ----- Rs. in '000 ----- |                       |                    |                      |                  |                   |                 |
| 76,334                  | 76,334                | 18,051             | 40,080               | -                | 333               | 17,870          |
| 76,334                  | 76,334                | 18,051             | 40,080               | -                | 333               | 17,870          |

**2015**

Creditors, accrued expenses and other liabilities

|        |        |        |        |   |   |   |
|--------|--------|--------|--------|---|---|---|
| 31,419 | 31,419 | 15,274 | 16,145 | - | - | - |
| 31,419 | 31,419 | 15,274 | 16,145 | - | - | - |



**c. Market risk**

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

**Currency risk**

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

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

|   | Jun 2016         |              |               |            |             |      |               |
|---|------------------|--------------|---------------|------------|-------------|------|---------------|
|   | Rupee Equivalent | U.S. Dollars | British Pound | UAE Dirham | Saudi Riyal | EURO | Nepali Rupees |
| Cash and bank balances                            | 1,306,841        | 11,511       | 215           | 17         | 2,153       | 60   | 2,150         |
| Creditors, accrued expenses and other liabilities | (1,724,256)      | (12,100)     | (3,222)       | -          | -           | -    | -             |
| Net Exposure                                      | (417,415)        | (589)        | (3,007)       | 17         | 2,153       | 60   | 2,150         |

|   | Jun 2015         |              |               |            |             |      |               |
|---|------------------|--------------|---------------|------------|-------------|------|---------------|
|   | Rupee Equivalent | U.S. Dollars | British Pound | UAE Dirham | Saudi Riyal | EURO | Nepali Rupees |
| Cash and bank balances                            | 1,569,464        | 13,347       | 215           | 4,072      | 2,023       | 60   | 2,150         |
| Creditors, accrued expenses and other liabilities | (1,553,609)      | (9,900)      | (3,413)       | -          | -           | -    | -             |
| Net Exposure                                      | 15,855           | 3,447        | (3,198)       | 4,072      | 2,023       | 60   | 2,150         |

The following significant exchange rates have been applied:

|                        | Reporting date rate |        |
|------------------------|---------------------|--------|
|                        | 2016                | 2015   |
| U.S. Dollar to Rupee   | 104.83              | 101.78 |
| British Pound to Rupee | 141.43              | 159.99 |
| UAE Dirham to Rupee    | 28.54               | 27.71  |
| Saudi Riyal to Rupee   | 27.95               | 27.14  |
| Euro to Rupee          | 116.80              | 113.36 |
| Nepali Rupee to Rupee  | 0.95                | 0.98   |

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, 2016, if Rupee had strengthened / weakened by 10% against Dollar, British Pound UAE Dirham, Saudi Riyal and Euro with all other variables held constant, income for the year would have been decreased / [increased] by the amounts shown below mainly as a result of net foreign exchange loss / gain on translation of financial assets and liabilities.

#### Effect on income for the year:

|                        | 2016                  | 2015 |
|------------------------|-----------------------|------|
|                        | ---- Rs. in '000 ---- |      |
| U.S. Dollar to Rupee   | (6)                   | 35   |
| British Pound to Rupee | (43)                  | (51) |
| UAE Dirham to Rupee    | -                     | 11   |
| Saudi Riyal to Rupee   | 6                     | 5    |
| Euro to Rupee          | 1                     | 1    |

#### Interest rate risk

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

At the reporting date, the interest rate profile of the Institute's significant financial assets is as follows:

**Fixed rate instruments**

Government Securities  
Term deposit receipts  
Certificates of deposit / investment

**Variable rate instruments**

Certificates of Islamic investments  
Balances maintained with banks

2016                      2015  
----- Rs. in '000 -----

|         |         |
|---------|---------|
| 479,859 | 397,109 |
| 2,720   | 2,724   |
| 72,080  | -       |
| 150,118 | 116,012 |
| 62,805  | 30,783  |

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

**Sensitivity analysis for fixed rate instruments**

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

**Sensitivity analysis for variable rate instruments**

As at June 30, 2016, if the interest rate on the Institute investments had been higher/lower by 100 basis point all other variables held constant, finance income for the year would have been higher/lower by Rs. 2.13 million (2015: Rs. 1.46 million) mainly as a result of higher/[lower] interest income.

## 31.2 Financial instruments by category

## 2016

## Financial Assets as per balance sheet

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

| Held to<br>maturity     | Available<br>for sale | Loans and<br>receivables | Total   |
|-------------------------|-----------------------|--------------------------|---------|
| ----- Rs. in '000 ----- |                       |                          |         |
| 535,592                 | -                     | -                        | 535,592 |
| -                       | -                     | 7,641                    | 7,641   |
| 169,182                 | 6,152                 | -                        | 175,334 |
| -                       | -                     | -                        | -       |
| -                       | -                     | 34,475                   | 34,475  |
| -                       | -                     | 69,285                   | 69,285  |
| 704,774                 | 6,152                 | 111,401                  | 822,327 |

## 2015

## Financial Assets as per balance sheet

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

|         |       |        |         |
|---------|-------|--------|---------|
| 425,768 | -     | -      | 425,768 |
| -       | -     | 7,558  | 7,558   |
| 90,077  | 5,501 | -      | 95,578  |
| -       | -     | -      | -       |
| -       | -     | 29,959 | 29,959  |
| -       | -     | 36,831 | 36,831  |
| 515,845 | 5,501 | 74,348 | 595,694 |

## Financial liabilities as per balance sheet

Creditors, accrued expenses and other liabilities

Liabilities carried at  
amortized cost

2016 2015

----- Rs. in '000 -----

|        |        |
|--------|--------|
| 76,334 | 31,419 |
|--------|--------|

### 31.3 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Institute is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The table below analyses financial instruments carried at fair value, by valuation method. 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. 6.152 million (2015: Rs. 5.501 million) are the only financial assets measured at fair value in the financial statements and these financial instruments are classified under level 1.

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

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. 65.63 million (2015: Rs. 33.46 million) as against their aggregate fair value of Rs. 64.29 million (2015: Rs. 31.01 million);
- Defence Saving Certificates that are carried at amortised cost, using the effective yield method, aggregating Rs. 4.09 million (2015: Rs. 3.65 million) as against their aggregate fair value of Rs. 3.54 million (2015: Rs. 3.16 million); and
- Pakistan Investment Bonds that are carried at amortised cost, using the effective yield method, aggregating Rs. 400.24 million (2015: Rs. 321.32) as against their aggregate fair value of Rs. 427.14 million (2015: Rs. 344.01 million).

**Valuation techniques used to determine fair values**

**Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

**32. NUMBER OF EMPLOYEES**

The Institute had 202 (2015: 200) full time employees and 7 (2015: 9) part time employees as at June 30, 2016.

**33. CORRESPONDING FIGURES**

Corresponding figures have been re-arranged and /or re-classified for the purpose of better presentation the effect of which is not material.

**34. DATE OF AUTHORIZATION FOR ISSUE**

The Council of the Institute authorized these financial statements for issue on July 29, 2016.



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of Pakistan

CA  
PAKISTAN





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