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Abdul Wahid
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**Auditors' Report to the Members on Review of
Condensed Interim Financial Information**

Introduction

We have reviewed the accompanying condensed interim balance sheet of The Institute of Chartered Accountants of Pakistan (the Institute) as at December 31, 2012 and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in funds together with the notes forming part thereof for the half-year then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim statement of comprehensive income for the quarter ended December 31, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2012.

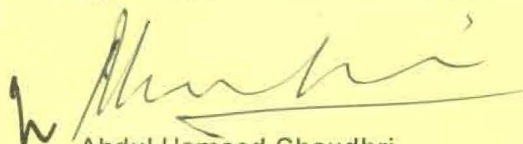
The accompanying interim financial information of the Institute includes the un-reviewed interim financial information of the Institute's Regional Committees and Benevolent Fund; we have solely relied upon the interim financial information as prepared by the Institute's management.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half-year ended December 31, 2012 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.


Abdul Hameed Chaudhri
Chartered Accountant

Lahore

Dated: **04 FEB 2013**

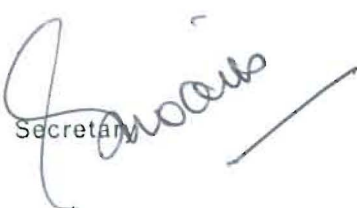

Abdul Wahid
Chartered Accountant

Turbat

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2012

	Note	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
Non Current Assets			
Property, plant and equipment	5	174,715,088	168,217,698
Intangible assets		789,486	947,031
Long term investments	6	103,181,665	102,538,266
Loans and deposits		6,917,410	7,523,562
		285,603,649	279,226,557
Current Assets			
Stock of publications and souvenirs		6,820,664	2,601,662
Short term investments	7	300,751,975	142,538,187
Loans, advances, prepayments and other receivables		14,504,688	110,428,542
Cash and bank balances		25,994,349	17,328,600
		348,071,676	272,896,991
Current Liabilities			
Creditors, accrued expenses and other liabilities		22,864,923	27,052,002
Fee and charges received in advance		18,264,253	24,926,172
		41,129,176	51,978,174
Net Current Assets		306,942,500	220,918,817
Contingencies and Commitments	8	-	-
Net Assets		592,546,149	500,145,374
Financed by:			
General Fund		421,530,793	349,870,262
Specific Fund		3,241,003	3,217,198
Endowment Funds	9	68,820,422	58,503,795
Regional Committees		33,369,397	30,764,048
Benevolent Fund		65,584,534	57,790,071
		592,546,149	500,145,374

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Secretary

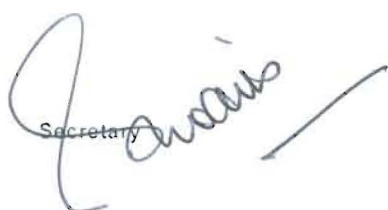



President

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

		Quarter ended		Half year ended	
		December 31, 2012 Rupees	December 31, 2011 Rupees (Re-stated)	December 31, 2012 Rupees	December 31, 2011 Rupees (Re-stated)
Income					
Members' subscription		7,836,884	9,183,731	81,088,182	65,536,837
Examination and other fees		56,230,965	47,253,990	138,052,614	120,439,630
Education and training fees		23,185,150	21,571,950	32,152,600	28,251,950
Publications		2,359,897	2,214,938	3,379,874	4,215,682
Other operating income		198,320	3,260,247	273,314	4,953,489
		89,811,216	83,484,856	254,946,584	223,397,588
Expenditure					
Salaries, allowances and other benefits	10	36,853,887	31,116,791	72,569,789	63,145,173
Examination charges		13,268,769	9,179,224	30,462,744	26,309,482
Depreciation		5,384,815	4,546,069	10,148,289	8,804,497
Traveling and related expenses		6,742,871	4,059,585	11,303,392	8,362,253
Publications		3,079,645	2,276,238	4,646,166	4,681,382
Utilities		4,551,940	3,588,473	9,564,744	7,226,558
Postage and telephone		2,896,011	2,311,705	4,910,586	4,416,497
Repairs and maintenance		3,445,765	5,535,319	8,246,163	7,405,393
Printing and stationery		2,249,794	1,754,070	4,507,911	4,530,258
Rent, rates and taxes		1,593,529	717,984	3,141,316	2,349,513
Advertisement and exhibition		1,068,821	549,432	1,459,642	994,926
Others	11	11,609,555	6,532,729	23,946,071	18,025,243
		92,745,402	72,167,619	184,906,813	156,251,175
(Deficit) / excess of income over expenditure before finance income					
		(2,934,186)	11,317,237	70,039,771	67,146,413
Finance income					
		12,399,710	11,457,003	22,155,343	19,744,679
Excess of income over expenditure for the period					
		9,465,524	22,774,240	92,195,114	86,891,092
Other comprehensive income					
(Loss) / surplus on re-measurement of investments - available for sale					
		(2,411)	(178,551)	205,661	72,059
Total comprehensive income for the period					
		9,463,113	22,595,689	92,400,775	86,963,151
Attributable to					
- General Fund		7,189,133	19,628,964	82,660,531	75,445,092
- Specific Fund		9,021	88,269	23,805	150,226
- Endowment Funds		1,583,481	2,535,092	316,627	2,467,105
- Regional Committees		244,948	699,169	2,605,349	2,862,027
- Benevolent Fund		436,530	(355,805)	6,794,463	6,038,701
		9,463,113	22,595,689	92,400,775	86,963,151

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information


Secretary




President

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

	General Fund	Building Fund	Specific fund - prize 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. Inani Memorial Fund	Accumulated Fund					
Rupees														
Balance as at July 01, 2011	272,787,955	16,000,000	3,089,493	49,581,248	5,219,793	54,801,041	16,765,325	110,907	11,262,848	28,139,080	49,254,086	838,822	50,092,908	424,910,477
Transferred to General Fund	16,000,000	(16,000,000)	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to Benevolent Fund	(1,000,000)	-	-	-	-	-	-	-	-	-	1,000,000	-	1,000,000	-
Transferred from statement of comprehensive income	75,445,092	-	150,226	2,104,074	363,031	2,467,105	1,136,273	4,753	1,721,001	2,862,027	6,038,701	-	6,038,701	86,963,151
Balance as at December 31, 2011	363,233,047	-	3,239,719	51,685,322	5,582,824	57,268,146	17,901,598	115,660	12,983,849	31,001,107	56,292,787	838,822	57,131,609	511,873,628
Balance as at July 01, 2012	349,870,262	-	3,217,198	52,590,711	5,913,084	58,503,795	18,863,316	120,282	11,780,450	30,764,048	56,951,249	838,822	57,790,071	500,145,374
Transferred to Students Endowment Fund (note 9)	(10,000,000)	-	-	10,000,000	-	10,000,000	-	-	-	-	-	-	-	-
Transferred to Benevolent Fund	(1,000,000)	-	-	-	-	-	-	-	-	-	1,000,000	-	1,000,000	-
Transferred from statement of comprehensive income	82,660,531	-	23,805	162,866	153,761	316,627	2,047,219	2,754	555,376	2,605,349	6,794,463	-	6,794,463	92,400,775
Balance as at December 31, 2012	421,530,793	-	3,241,003	62,753,577	6,066,845	68,820,422	20,910,535	123,036	12,335,826	33,369,397	64,745,712	838,822	65,584,534	592,546,149

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information

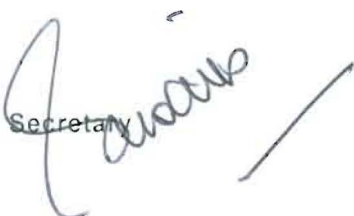
Secretary

President

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

		Half-year ended	
		December 31, 2012 Rupees	December 31, 2011 Rupees (Re-stated)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received:			
Membership		69,691,543	47,175,140
Examinations		143,729,464	123,636,880
Training		32,152,600	28,251,950
Publications		3,026,217	5,245,515
Facilities and miscellaneous		4,691,100	3,935,851
		<u>253,290,924</u>	<u>208,245,336</u>
Cash paid:			
Employees		73,195,861	63,305,990
Professional bodies		1,089,978	1,594,660
Property tax		191,272	799,254
Suppliers and vendors		77,014,070	98,266,387
		<u>151,491,181</u>	<u>163,966,291</u>
Net cash generated from operating activities		<u>101,799,743</u>	<u>44,279,045</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		(33,808,821)	(56,434,641)
Fixed capital expenditure		(17,082,422)	(13,699,995)
Proceeds from sale of operating fixed assets		68,120	11,645
Income received from investments		14,548,987	7,373,154
Loans and deposits recovered		930,084	7,443,629
Loans and deposits paid		(323,932)	(3,082,469)
Net cash used in investing activities		<u>(35,667,984)</u>	<u>(58,388,677)</u>
Net increase / (decrease) in cash and cash equivalents		<u>66,131,759</u>	<u>(14,109,632)</u>
Cash and cash equivalents - at beginning of the period		<u>17,328,600</u>	<u>50,813,763</u>
Cash and cash equivalents - at end of the period	12	<u>83,460,359</u>	<u>36,704,131</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Secretary




President

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2012

1. THE INSTITUTE AND ITS OPERATION

The Institute of Chartered Accountants of Pakistan (the Institute) is a statutory body, established under the Chartered Accountants Ordinance, 1961 (X of 1961) for the regulation of the profession of accountants in the country. The Institute is an approved non-profit organization, under sub section (36) of section 2 of the Income Tax Ordinance, 2001.

Endowment Funds

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

Regional Committees

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

Benevolent Fund

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Institute for the half year ended December 31, 2012 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-Laws, 1983. In case where requirements differ, the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-Laws, 1983 have been followed.

This condensed interim financial information are un-audited but subject to limited scope review by the auditors and do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Institute's annual financial statements for the year ended June 30, 2012.

2.2 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Institute. Figures in this condensed interim financial information have been rounded-off to the nearest Rupee.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements for the year ended June 30, 2012.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information in conformity with the approved accounting standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement 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 expectation of future events that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates.

During the preparation of this condensed interim financial information, the significant judgements made by the management in applying the Institute's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the audited annual financial statements for the year ended June 30, 2012

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
Leasehold land - Preedy Street, Karachi	5.1	18,233	18,233
Operating fixed assets	5.2	174,528,895	167,846,805
Capital work in progress		167,960	352,660
		<u>174,715,088</u>	<u>168,217,698</u>

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

5.2 Operating fixed assets

	Note	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
Book value at beginning of the period / year		167,846,805	150,643,100
Add: additions during the period / year	5.2.1	16,914,462	37,617,993
		<u>184,761,267</u>	<u>188,261,093</u>
Less:			
Disposals, costing Rs.196,770 (June 30, 2012: Rs.4,483,016) - at book value	5.2.2	84,083	1,800,621
Depreciation charge for the period / year		10,148,289	18,613,667
		<u>10,232,372</u>	<u>20,414,288</u>
Book value at end of the period / year		<u>174,528,895</u>	<u>167,846,805</u>

5.2.1 Additions during the period / year
are as follows:

	Note	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
Building on leasehold land		124,370	3,183,341
Building on freehold land		-	6,845,415
Generators		5,424,193	-
Electric fittings and appliances		1,601,497	3,882,872
Furniture and fixtures		2,511,921	3,237,042
Vehicles		4,133,757	9,360,455
Office equipment		3,084,904	10,714,555
Library books		33,820	394,313
		<u>16,914,462</u>	<u>37,617,993</u>

5.2.2 Disposals during the period / year are
as follows: (at net book value)

Electric fittings and appliances		46,382	-
Furniture and fixtures		37,701	-
Vehicles		-	1,791,276
Office equipment		-	9,345
		<u>84,083</u>	<u>1,800,621</u>

6. LONG TERM INVESTMENTS

General Fund	6.1	12,205,475	54,993,746
Specific Fund: Prize Fund		1,400,000	1,400,000
Endowment Funds		20,000,000	20,000,000
Southern Regional Committee	6.2	16,281,909	15,973,276
Benevolent Fund	6.3	53,294,281	10,171,244
		<u>103,181,665</u>	<u>102,538,266</u>

6.1 General Fund

Special Saving Certificates	7.1.2	-	43,494,023
Term Deposit Receipts	6.1.1	12,205,475	11,499,723
		<u>12,205,475</u>	<u>54,993,746</u>

6.1.1 This represents investment in Term Deposit Receipts (TDRs), having aggregate face value of Rs.10 million (June 30, 2012: Rs.10 million). These TDRs have been placed for a term of 3 years and are maturing on June 5, 2014. These carried mark-up at the rate of 14% (June 30, 2012: 14%) per annum. Accrued mark-up aggregating Rs.2.205 million (June 30, 2012: Rs.1.499 million) is included in the carrying value.

6.2 Southern Regional Committee

		(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
	Note		
Certificates of Islamic Investment			
Accumulated Fund	6.2.1	16,158,873	15,973,276
H.J. Irani Memorial Fund	6.2.2	123,036	-
		<u>16,281,909</u>	<u>15,973,276</u>

6.2.1 These represent Certificates of Islamic Investments, issued by a bank costing Rs.14.830 million (June 30, 2012: Rs.14.830 million). These certificates carry expected mark-up at the rates ranging between 10.09% and 11.53% (June 30, 2012: 9.72% and 11.74%) per annum and are maturing on various dates latest by June 30, 2015. Accrued mark-up aggregating Rs.1.328 million (June 30, 2012: Rs.1.143 million) is included in the carrying value.

6.2.2 This represent a Certificate of Islamic Investment, issued by a bank costing Rs.0.121 million (June 30, 2012: Rs.Nil). This certificate carries mark-up at the rates ranging between 8.89% and 9.78% (June 30, 2012: Nil) per annum and will mature on October 31, 2015. Accrued mark-up aggregating Rs.0.002 million (June 30, 2012: Rs.Nil) is included in the carrying value.

6.3 Benevolent Fund

		(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
	Note		
Defence Savings Certificates	6.3.1	3,177,115	2,960,525
Special Saving Certificates	6.3.2	50,117,166	7,210,719
		<u>53,294,281</u>	<u>10,171,244</u>

6.3.1 This represents investment in Defence Savings Certificates, having aggregate face value of Rs.2 million (June 30, 2012: Rs.2 million). These certificates have been placed for a term of 10 years, maturing on April 07, 2020. These carried mark-up at the rate of 12.15% (June 30, 2012: 12.15%) per annum. Accrued mark-up aggregating Rs.1.177 million (2011: Rs.0.961 million) is included in the carrying value.

6.3.2 This represents investment in Special Saving Certificates, having aggregate face value of Rs.45.843 million (June 30, 2012: Rs.5.5 million). These certificates have been placed for a term of 3 years. These carried mark-up at the rates ranged between 11.60% and 12.60% (June 30, 2012: at the rate of 13.48%) per annum. Accrued mark-up aggregating Rs.4.274 million (June 30, 2012: Rs.1.711 million) is included in the carrying value.

7. SHORT TERM INVESTMENTS

		(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
	Note		
General Fund	7.1	239,794,180	114,840,079
Specific Fund: Prize Fund	7.2	1,816,627	1,069,917
Endowment Funds	7.3	45,443,938	13,702,656
Southern Regional Committee	7.4	858,100	943,210
Northern Regional Committee		9,651,144	9,000,000
Benevolent Fund		3,187,986	2,982,325
		<u>300,751,975</u>	<u>142,538,187</u>

7.1 General Fund

	Note	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
Term Deposit Receipts	7.1.1	191,035,810	112,317,904
Special Saving Certificates	7.1.2	48,758,370	2,522,175
		<u>239,794,180</u>	<u>114,840,079</u>

7.1.1 This represents investment in Term Deposit Receipts (TDRs), having aggregate face value of Rs.184.207 million (June 30, 2012: Rs.105 million). These TDRs carried mark-up at the rates ranging between 8.90% and 12.75% (June 30, 2012: 11.50% and 12.75%) per annum and are maturing on various dates upto November 20, 2013. Accrued mark-up aggregating Rs.6.829 million (June 30, 2012: Rs.7.318 million) is included in the carrying value.

7.1.2 This represents investment in Special Saving Certificates, having aggregate face value of Rs.37 million (June 30, 2012: Rs.2 million). These certificates have been placed for a term of 3 years and are maturing on August 01, 2013. These carried mark-up at the rate of 11.99% (June 30, 2012: 11.99%) per annum. Accrued mark-up aggregating Rs.11.758 million (June 30, 2012: Rs.0.522 million) is included in the carrying value.

7.2 This represents investment in Term Deposit Receipts (TDRs), having aggregate face value of Rs.1.80 million (June 30, 2012: Rs.1 million). These are maturing on various dates upto August 31, 2013. These TDRs carried mark-up at the rate between 8% and 11% (June 30, 2012: at the rate of 11%) per annum. Accrued mark-up aggregating Rs.0.016 million (June 30, 2012: Rs.0.069 million) is included in the carrying value.

7.3 Endowment Funds

	Note	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
Students' Endowment Fund			
Term Deposit Receipts	7.3.1	30,009,936	1,091,780
Special Saving Certificates	7.3.2	10,694,903	10,088,702
		<u>40,704,839</u>	<u>11,180,482</u>
Libraries Development Fund			
Term Deposit Receipt	7.3.3	2,065,375	-
Special Saving Certificates	7.3.4	2,673,724	2,522,174
		<u>4,739,099</u>	<u>2,522,174</u>
		<u>45,443,938</u>	<u>13,702,656</u>

7.3.1 This represents investment in Term Deposit Receipts (TDRs), having aggregate face value of Rs.29.293 million (June 30, 2012: Rs.1 million). These TDRs carried mark-up at the rates ranged between 9.40% and 12.50% (June 30, 2012: at the rate of 12.50%) per annum and are maturing on various dates upto November 20, 2013. Accrued mark-up aggregating Rs.0.716 million (June 30, 2012: Rs.0.092 million) is included in the carrying value.

7.3.2 This represents investment in Special Saving Certificates (SSCs), having aggregate face value of Rs.8 million (June 30, 2012: Rs.8 million). These certificates have been placed for a term of 3 years and are maturing on June 13, 2013. These carried mark-up at the rate of 11.99% (June 30, 2012: 11.99%) per annum. Accrued mark-up aggregating Rs.2.694 million (2011: Rs.2.089 million) is included in the carrying value.

7.3.3 This represents investment in a Term Deposit Receipt (TDR), having face value of Rs.2 million (June 30, 2012: Rs.Nil). This TDR carried mark-up at the rate of 9.70% (June 30, 2012: Nil) per annum and is maturing on August 31, 2013. Accrued mark-up aggregating Rs.0.065 million (June 30, 2012: Rs.Nil) is included in the carrying value.

7.3.4 This represents investment in Special Saving Certificates (SSCs), having aggregate face value of Rs.2 million (June 30, 2012: Rs.2 million). These have been placed for a term of 3 years and are maturing on June 13, 2013. These carried mark-up at the rate of 11.99% (June 30, 2012: 11.99%) per annum. Accrued mark-up aggregating Rs.0.673 million (2011: Rs.0.522 million) is included in the carrying value.

7.4 Southern Regional Committee

	Note	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
Certificates of Islamic Investments			
Accumulated Fund	7.4.1	858,100	822,928
H.J. Irani Memorial Fund		-	120,282
		<u>858,100</u>	<u>943,210</u>

7.4.1 These represent Certificates of Islamic Investments, issued by a bank costing Rs.0.8 million (June 30, 2012: Rs.0.8 million). These certificates carried mark-up at the rates ranging between 7.17% and 8.02% (June 30, 2012: 9.06% and 9.30%) per annum. Accrued mark-up aggregating Rs.0.058 million (June 30, 2012: Rs.0.023 million) is included in the carrying value.

8. CONTINGENCIES AND COMMITMENTS

8.1 The Appellate Bench of the Competition Commission of Pakistan has passed an Order, dated March 11, 2009, in response to an appeal filed by the Institute against an Order, dated December 4, 2008, of single member bench of the Commission. In both the Orders, it was contended that fixing of minimum fee, through ATR-14 by the Institute, is in violation of Section 4(1) of the Competition Ordinance, 2007 and imposed a penalty of Rs.1 million as a result thereof. The Institute has filed an appeal before the Honourable Supreme Court of Pakistan which was pending for hearing in the year 2009. During the pendency of the appeal the Competition Commission Ordinance, 2010 was promulgated on March 26, 2010. The judgment has now been suspended by the Honourable Supreme Court of Pakistan.

8.2 The Competition Commission of Pakistan has passed an order dated January 10, 2013, wherein it has held that ICAP circular dated July 04, 2012, refraining the training organizations from engaging trainees of other accounting bodies is in violation of section 4 of the Competition Act 2010, and a penalty of Rs. 25 Million was also imposed. The Institute is in process of filing a writ petition in the Honourable High Court against the aforementioned order as well as pursuing all appropriate legal courses available to the Institute to challenge the same. Since the Institute is confident about the favourable outcome of the legal proceedings, therefore no accrual has been made in these financial statements relating to the above-referred penalty.

8.3 Commitments in respect of capital expenditure as at the reporting date aggregated to Rs.5.530 million (June 30, 2012: Rs.8.351 million).

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

10. SALARIES, ALLOWANCES AND OTHER BENEFITS

	Quarter ended		Half year ended	
	December 31, 2012 Rupees	December 31, 2011 Rupees (Re-stated)	December 31, 2012 Rupees	December 31, 2011 Rupees (Re-stated)
Salaries and allowances	34,663,340	28,265,283	68,216,448	57,548,431
Employees' health insurance	375,895	404,336	765,180	769,389
Defined benefit plan - gratuity fund	-	841,317	-	1,687,053
Defined contribution plan - provident fund	1,814,652	1,605,855	3,588,161	3,140,300
	<u>36,853,887</u>	<u>31,116,791</u>	<u>72,569,789</u>	<u>63,145,173</u>

11. OTHERS

	Quarter ended		Half year ended	
	December 31, 2012 Rupees	December 31, 2011 Rupees (Re-stated)	December 31, 2012 Rupees	December 31, 2011 Rupees (Re-stated)
Fee to professional bodies	552,305	301,220	1,089,978	1,594,660
Legal and professional charges	1,618,814	325,625	2,582,991	608,750
Consultancy charges	121,067	68,000	121,067	68,000
Auditor's remuneration	97,600	116,627	162,809	172,075
Annual general meeting	3,000	32,641	145,396	172,441
Books and publications	156,462	100,742	299,427	273,178
Conveyance	47,165	34,869	109,945	69,696
Entertainment	887,374	586,272	1,350,018	996,682
Bank charges	806,103	358,023	2,587,990	1,096,584
Insurance	383,923	276,430	737,592	543,493
Vehicles maintenance and running cost	1,683,962	1,305,939	3,145,388	2,550,798
Amortization of intangible assets	78,776	117,733	157,545	239,721
Gold medals and award ceremony	1,255,911	701,370	1,814,245	701,370
Entrance test conducting charges	(13,325)	(6,200)	46,050	43,800
Training expenses	282,825	71,816	903,935	133,453
Online Education and Research Facility (PERN 2)	525,504	513,030	1,077,048	1,021,356
Golden Jubilee Celebrations	-	94,216	-	1,490,741
Honoraria to article writers	-	34,500	99,000	67,000
Financial assistance to students	-	-	1,917,600	1,614,560
Financial assistance to members/families	2,193,000	1,635,000	4,116,000	3,270,000
Sports and recreation	52,384	80,480	83,976	107,907
Sundry expenses	876,705	794,396	1,398,071	1,188,978
	<u>11,609,555</u>	<u>7,542,729</u>	<u>23,946,071</u>	<u>18,025,243</u>

12. CASH AND CASH EQUIVALENTS

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

	Half-year ended	
	December 31, 2012 Rupees	December 31, 2011 Rupees (Re-stated)
Cash and bank balances	25,994,349	21,458,912
Investments realizable within three months	57,466,010	15,245,219
	83,460,359	36,704,131

13. TRANSACTIONS WITH RELATED PARTIES

13.1 Significant transactions with related parties are as follows:

Relationship with the Institute	Nature of transactions	Un-audited	
		December 31, 2012 Rupees	December 31, 2011 Rupees
(i) Staff retirement plans	Contributions paid to:		
	- gratuity fund	-	1,248,867
	- provident fund	3,588,161	3,140,300
(ii) Key management personnel	Managerial remuneration	10,224,116	7,539,040
	Membership fee received	367,850	335,900
	Traveling and related expenses paid by the Institute	9,401,595	7,291,679

13.2 Period / year end balances:

	(Un-audited) December 31, 2012 Rupees	(Audited) June 30, 2012 Rupees
Loans, advances, prepayments and other receivables	201,712	10,012,500
Creditors, accrued expenses and other liabilities	40,100	748,251

14. SEGMENT INFORMATION

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

Geographical segments:

The Institute has following two main geographical segments:

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

Service segments:

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

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

14.1 Geographical segments:

14.1.1 Segment revenues and results:

	December 31, 2012			December 31, 2011 (Re-stated)		
	South	North	Total	South	North	Total
	----- Rupees -----					
Income						
- from members	47,842,027	33,246,155	81,088,182	38,666,734	26,870,103	65,536,837
- from students	62,975,929	107,229,285	170,205,214	56,502,800	92,188,780	148,691,580
- others	1,534,339	2,118,849	3,653,188	3,851,052	5,318,119	9,169,171
	112,352,296	142,594,288	254,946,584	99,020,586	124,377,002	223,397,588
Expenditure (14.1.3)	(77,351,316)	(107,555,497)	(184,906,813)	(65,509,800)	(90,741,375)	(156,251,175)
	35,000,980	35,038,791	70,039,771	33,510,786	33,635,627	67,146,413
Finance income			22,361,004			19,816,738
Excess of Income over expenditure			92,400,775			86,963,151

14.1.2 Other information:

	December 31, 2012 (Un-audited)			June 30, 2012 (Audited)		
	South	North	Total	South	North	Total
	----- Rupees -----					
Segments assets employed	87,710,367	116,036,969	203,747,336	91,689,948	130,290,200	221,980,148
Unallocated assets			429,927,989			330,143,400
Total assets			633,675,325			552,123,548
Segments liabilities employed	14,936,939	26,192,237	41,129,176	21,311,051	30,667,123	51,978,174
Unallocated liabilities			-			-
Total liabilities			41,129,176			51,978,174
Capital expenditure incurred during the period / year	7,684,478	9,229,984	16,914,462	15,799,557	21,818,436	37,617,993

14.1.3 Expenditure

	December 31, 2012			December 31, 2011 (Re-stated)		
	South	North	Total	South	North	Total
	----- Rupees -----					
Salaries, allowances and other benefits	30,479,311	42,090,478	72,569,789	26,520,973	36,624,200	63,145,173
Examination charges	11,271,215	19,191,529	30,462,744	9,997,603	16,311,879	26,309,482
Depreciation	4,262,281	5,886,008	10,148,289	3,697,889	5,106,608	8,804,497
Traveling & related expenses	4,747,425	6,555,967	11,303,392	3,512,146	4,850,107	8,362,253
Publications	1,951,390	2,694,776	4,646,166	1,966,180	2,715,202	4,681,382
Utilities	4,017,192	5,547,552	9,564,744	3,035,154	4,191,404	7,226,558
Postage and telephone	2,062,446	2,848,140	4,910,586	1,854,929	2,561,568	4,416,497
Repair and maintenance	3,463,388	4,782,775	8,246,163	3,110,265	4,295,128	7,405,393
Printing and stationery	1,893,323	2,614,588	4,507,911	1,902,708	2,627,550	4,530,258
Rent, rates and taxes	1,319,353	1,821,963	3,141,316	986,795	1,362,718	2,349,513
Advertisement and exhibition	841,631	618,011	1,459,642	457,962	536,964	994,926
Fee to professional bodies	643,087	446,891	1,089,978	940,849	653,811	1,594,660
Legal and professional charges	1,084,856	1,498,135	2,582,991	255,675	353,075	608,750
Consultancy charges	50,848	70,219	121,067	28,560	39,440	68,000
Auditor's remuneration	96,057	66,752	162,809	101,524	70,551	172,075
Annual general meeting	85,784	59,612	145,396	101,740	70,701	172,441
Books and publications	125,759	173,668	299,427	114,735	158,443	273,178
Conveyance	46,177	63,768	109,945	29,272	40,424	69,696
Entertainment	567,008	783,010	1,350,018	418,606	578,076	996,682
Bank charges	1,086,956	1,501,034	2,587,990	460,565	636,019	1,096,584
Insurance	309,789	427,803	737,592	228,267	315,226	543,493
Vehicles maintenance and running cost	1,321,063	1,824,325	3,145,388	1,071,335	1,479,463	2,550,798
Amortization of intangible assets	66,169	91,376	157,545	100,683	139,038	239,721
Gold medals & award ceremony	1,291,755	522,490	1,814,245	701,370	-	701,370
Entrance tests conducting charges	-	46,050	46,050	-	43,800	43,800
Training expenses	379,653	524,282	903,935	56,050	77,403	133,453
Golden Jubilee Celebration	-	-	-	730,463	760,278	1,490,741
Financial assistance to students	548,000	1,369,600	1,917,600	258,500	1,356,060	1,614,560
Online Education & Research Facility (PERN 2)	452,360	624,688	1,077,048	428,970	592,386	1,021,356
Financial assistance to members / families	2,223,000	1,893,000	4,116,000	1,867,200	1,402,800	3,270,000
Honoraria to article writers	41,580	57,420	99,000	28,140	38,860	67,000
Sports and recreation	35,270	48,706	83,976	45,321	62,586	107,907
Sundry expenses	587,190	810,881	1,398,071	499,371	689,607	1,188,978
Total expenditure	77,351,316	107,555,497	184,906,813	65,509,800	90,741,375	156,251,175

14.2 Service segments

14.2.1 Segment revenues and results:

	December 31, 2012					December 31, 2011 (Re-stated)				
	Examination	Education	Member-ship	General services	Total	Examination	Education	Membership	General services	Total
	----- Rupees -----									
Income										
- from members	-	-	81,088,182	-	81,088,182	-	-	65,536,837	-	65,536,837
- from students	138,052,614	32,152,600	-	-	170,205,214	120,439,630	28,251,950	-	-	148,691,580
- others	-	-	-	3,653,188	3,653,188	-	-	-	9,169,171	9,169,171
	138,052,614	32,152,600	81,088,182	3,653,188	254,946,584	120,439,630	28,251,950	65,536,837	9,169,171	223,397,588
Expenditure (14.2.3)	(72,498,428)	(14,305,759)	(41,306,782)	(56,795,844)	(184,906,813)	(61,139,441)	(11,720,953)	(30,941,190)	(52,449,591)	(156,251,175)
	65,554,186	17,846,841	39,781,400	(53,142,656)	70,039,771	59,300,189	16,530,997	34,595,647	(43,280,420)	67,146,413
Finance Income					22,361,004					19,816,738
					92,400,775					86,963,151

14.2.2 Other information:

	December 31, 2012 (Un-audited)					June 30, 2012 (Audited)				
	Examination	Education	Member-ship	General services	Total	Examination	Education	Membership	General services	Total
	----- Rupees -----									
Segments assets employed	46,120,941	23,619,425	27,224,363	106,782,607	203,747,336	45,125,596	46,069,167	80,902,477	128,081,676	300,178,916
Unallocated assets					429,927,989					251,944,632
Total assets					633,675,325					552,123,548
Segments liabilities employed	22,552,140	801,621	4,038,927	13,736,488	41,129,176	14,530,235	643,136	19,238,245	17,566,558	51,978,174
Unallocated liabilities					-					-
Total liabilities					41,129,176					51,978,174
Capital expenditure incurred during the period / year	1,339,783	77,473	1,334,063	14,163,143	16,914,462	4,855,940	2,512,417	3,546,801	26,702,835	37,617,993

14.2.3 Expenditure

	December 31, 2012					December 31, 2011 (Re-stated)				
	Examination	Education	Membership	General Services	Total	Examination	Education	Membership	General Services	Total
	Rupees									
Salaries, allowances and other benefits	24,062,474	5,562,292	16,400,287	26,544,736	72,569,789	21,611,141	4,203,735	13,015,095	24,315,202	63,145,173
Examination charges	30,462,744	-	-	-	30,462,744	26,309,482	-	-	-	26,309,482
Depreciation	3,044,487	1,014,829	1,319,278	4,769,695	10,148,289	2,465,259	704,360	1,144,585	4,490,293	8,804,497
Traveling and related expenses	1,157,333	700,885	8,985,372	459,802	11,303,392	1,023,273	349,016	6,399,755	590,209	8,362,253
Publications	-	-	-	4,646,166	4,646,166	-	-	-	4,681,382	4,681,382
Utilities	2,869,423	956,474	1,243,417	4,495,430	9,564,744	2,023,436	578,125	939,453	3,685,544	7,226,558
Postage and telephone	1,473,176	491,059	638,376	2,307,975	4,910,586	1,236,619	353,320	574,145	2,252,413	4,416,497
Repairs and maintenance	2,473,849	824,616	1,072,001	3,875,697	8,246,163	2,073,510	592,431	962,701	3,776,751	7,405,393
Printing and stationery	1,133,955	525,179	759,161	2,089,616	4,507,911	915,761	439,642	558,172	2,616,683	4,530,258
Rent, rates and taxes	28,450	1,750	34,550	3,076,566	3,141,316	32,995	6,250	35,055	2,275,213	2,349,513
Advertisement and exhibitions	3,256	1,080,672	126,041	249,673	1,459,642	-	776,471	111,567	106,888	994,926
Fee to professional bodies	-	-	1,089,978	-	1,089,978	-	-	1,594,660	-	1,594,660
Legal and professional charges	24,250	25,000	2,261,362	272,379	2,582,991	24,250	-	564,500	20,000	608,750
Consultancy charges	-	-	-	121,067	121,067	-	-	-	68,000	68,000
Auditors' remuneration	48,843	16,281	21,165	76,520	162,809	48,181	13,766	22,370	87,758	172,075
Annual general meeting	-	-	-	145,396	145,396	-	-	-	172,441	172,441
Books and publications	41,998	73,546	89,383	94,500	299,427	22,513	5,573	33,872	211,220	273,178
Conveyance	3,760	6,185	21,400	78,600	109,945	2,110	4,040	1,850	61,696	69,696
Entertainment	319,746	58,328	222,373	749,571	1,350,018	211,687	32,525	76,079	676,391	996,682
Bank charges	1,406,905	327,670	826,376	27,039	2,587,990	591,198	138,679	321,698	45,009	1,096,584
Insurance	209,119	67,258	166,857	294,358	737,592	158,375	33,184	120,769	231,165	543,493
Vehicle maintenance and running cost	976,218	342,076	975,760	851,334	3,145,388	839,229	174,398	862,328	674,843	2,550,798
Amortization of intangible assets	47,264	15,755	20,481	74,045	157,545	67,122	19,178	31,164	122,257	239,721
Gold medals and award ceremony	1,814,245	-	-	-	1,814,245	701,370	-	-	-	701,370
Entrance tests conducting charges	46,050	-	-	-	46,050	43,800	-	-	-	43,800
Training expenses	83,155	42,394	584,482	193,904	903,935	89,022	5,500	-	38,931	133,453
Golden Jubilee Celebrations	-	-	-	-	-	-	1,490,741	-	-	1,490,741
Financial assistance to students	-	1,917,600	-	-	1,917,600	-	1,614,560	-	-	1,614,560
Online Education and Research Facility (PERN 2)	323,114	107,705	140,016	506,213	1,077,048	285,980	81,708	132,776	520,892	1,021,356
Financial assistance to the members and families	-	-	4,116,000	-	4,116,000	-	-	3,270,000	-	3,270,000
Honoraria to article writers	-	-	-	99,000	99,000	-	-	-	67,000	67,000
Sports and recreation	25,193	8,398	10,917	39,468	83,976	30,214	8,633	14,028	55,032	107,907
Sundry expenses	419,421	139,807	181,749	657,094	1,398,071	332,914	95,118	154,568	606,378	1,188,978
Total expenditure	72,498,428	14,305,759	41,306,782	56,795,844	184,906,813	61,139,441	11,720,953	30,941,190	52,449,591	156,251,175

15. CORRESPONDING FIGURE

Corresponding information has been re-arranged and/or re-classified for the purpose of better presentation

Re-classification from component	Re-classification to component	Quarter ended December 31, 2011	Half year ended
		----- Rupees -----	
Statement of Comprehensive Income			
Printing and stationery	Examination charges	(77,470)	535,280
Repair and maintenance	Utilities	125,000	125,000
Rent, rates and taxes	Utilities	256,000	683,000

16. DATE OF AUTHORISATION FOR ISSUE

The Council of the Institute authorized this condensed interim financial information for issue on January 24, 2013

Secretary

President