

CONDENSED INTERIM  
FINANCIAL INFORMATION  
OF  
THE INSTITUTE OF CHARTERED  
ACCOUNTANTS OF PAKISTAN  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2014

Qasim E. Causer  
Chartered Accountant  
2<sup>nd</sup> 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.

## **REPORT OF THE COUNCIL FOR THE HALF YEAR ENDED DECEMBER 31, 2014**

The Council of the Institute is pleased to present the interim financial statements for the half year ended December 31, 2014.

### **Financial Review**

The Institute achieved surplus of Rs. 115.68 million for the period (2013: Rs. 100.67 million). Total revenue and other income rose by 35% from Rs. 312.09 to Rs. 419.72 million. Expenditure increased by 44% from Rs. 211.42 to Rs. 304.04 million. Deficit for the quarter was Rs. 9.73 million (2013: Rs 14.98 million surplus) mainly on account of increase in expenditure related to holding of computer based examinations, publication and distribution of study packs, salaries, repair and maintenance.

### **Implementation Status of Strategic Priorities**

The broad strategic priorities include implementation of education and examination reforms 2013, improving the governance within ICAP, extending ICAP's geographical reach, enhancing public trust in audit, working with the government in public interest and building international collaborations. The execution on each strategic objective is on track, in line with action plan submitted in the Institute's Annual Report, 2014. A brief synopsis of the progress on some of the high priority areas is given below:

### **Oversight of the Profession**

The Council has approved recommendations of its Task Force on conditions for practice license requirements, practice review framework and public practice program. The draft practice review framework will soon be circulated to the members for seeking feedback. The Draft QCR Framework 2014 was also finalized after incorporating comments from general membership.

### **Education and Examinations**

The Council revisited the Education Scheme launched last year and decided to make certain critical changes such as, (a) The Multi Subject Assessments (MSA), have been rationalized by introducing a business focused MSA, (b) Two communication skill courses have been added at the CAF and CFAP stages (c) In view of the importance of Ethics a course on ethics has been made compulsory, during the training period.

A revised scheme of RAETs has been introduced whereby they would be graded on the basis of Key Performance Indicators. The training regulations for training in industry were developed and exposed to the membership. These would be implemented after the revision of related bye laws which is in process. In addition, the training regulations for training in firms are being revised in line with the latest developments in the profession.

The Institute has taken firm steps for integration of CA Pakistan qualification with degree programs. Concurrently, the Institute is formalizing its relationship by signing MOUs with different universities who are interested in degree programs leading to CA Pakistan.

Computer Based Examinations (CBE) have been successfully implemented at Assessment of Fundamental Competencies (AFC) level. The Institute is planning to increase the frequency of CBE and also to include more knowledge-based subjects of CAF stage to this assessment mode. The Student Feedback Scheme has also been launched on a trial basis. Under this scheme, professional level students would be provided individual guidance on their performance in the examinations. The details of the Scheme are available on the Institute's website.

### **Governance, Transparency and Regulation of the Profession**

The Council is now focusing to finalize the proposed amendments in the Chartered Accountant Ordinance, 1961 at the earliest for onward submission to the Government. Further, amendments in the Chartered Accountants Bye-laws to change the composition of the Investigation Committee are in the process of final notification in the official gazette. The draft Governance Manual is under active consideration of the Council. The governance manual once formulated will help in ensuring transparency, efficiency and effectiveness of the Institute's operations.

The Institute has also raised the matter relating to unregulated accountancy bodies in the country with Honorable Minister of Finance and Revenue, Secretary Ministry of Finance and in the recent meeting with Chairman SECP in the presence of high level staff from both the organizations.

The IT Committee of the Institute is working to formulate an IT Strategy in line with the Strategic Objectives earlier approved by the Council. The Institute would like to use IT in each and every sphere of its activities in order to facilitate students, members and other stakeholders with the best use of IT infrastructure.

### **Advocacy and Safeguarding Public Interest**

The conference on Public Financial Management held on November 24 and 25, 2014 at the Serena Hotel, Islamabad was a great success. High quality speakers from within and outside Pakistan addressed the audience on this very important subject of public interest. An MOU with CIPFA (The Chartered Institute of Public Finance & Accountancy) was also signed at the plenary session of the conference. The Institute has also urged the government to induct more Chartered Accountants in the government departments and public sector organisations in a meeting with Secretary Ministry of Finance.

The Council would like to extend their gratitude to all the stakeholders including the contribution made by the Committees and thank the management and staff for their dedication and hard work.

### **By Order of the Council**

**Shoaib Ahmed**

Officiating Secretary

Karachi, January 23, 2015

Qasim E. Causer  
Chartered Accountant  
2<sup>nd</sup> 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.

## INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

### Introduction

We have reviewed the accompanying condensed interim balance sheet of THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN ("the Institute") as at December 31, 2014 and the related condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in funds and notes to the accounts for the six-month period then ended (here-in-after referred 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.


### Scope of review


We conducted our review in accordance with 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 at and for the six months period ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarter ended December 31, 2014 and December 31, 2013 in condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

  
QASIM E. CAUSER  
CHARTERED ACCOUNTANT  
KARACHI

  
ABDUL HAMEED CHAUDHRI  
CHARTERED ACCOUNTANT  
LAHORE

DATED: 23 JAN 2015

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT DECEMBER 31, 2014**

		<b>December 31, 2014 Un-audited</b>	<b>June 30, 2014 Audited</b>
	<b>Note</b>	<b>----- Rupees in '000 -----</b>	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	245,251	225,038
Intangible assets	6	14,227	17,805
Long term investments	7	332,801	134,236
Loans and deposits		7,270	7,334
		<u>599,549</u>	<u>384,413</u>
<b>CURRENT ASSETS</b>			
Stock of publications and souvenirs	8	7,287	11,829
Short term investments	9	181,777	280,040
Loans, advances, prepayments and other receivables		28,598	21,728
Cash and bank balances		30,445	45,841
		<u>248,107</u>	<u>359,438</u>
<b>CURRENT LIABILITIES</b>			
Creditors, accrued expenses and other liabilities		40,636	44,770
Fees and charges received in advance		51,661	59,400
		<u>92,297</u>	<u>104,170</u>
<b>NET CURRENT ASSETS</b>		<u>155,810</u>	<u>255,268</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>NET ASSETS</b>		<u><u>755,359</u></u>	<u><u>639,681</u></u>
<b>FINANCED BY:</b>			
General Fund		557,642	452,199
Specific Fund		3,611	3,520
Endowment Funds		71,918	71,046
Regional Committees		37,021	35,894
Benevolent Fund		85,167	77,022
		<u><u>755,359</u></u>	<u><u>639,681</u></u>

The annexed notes from 1 to 19 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 PERIOD ENDED DECEMBER 31, 2014**

	Note	Quarter ended		Half year ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		----- Rupees in '000 -----		----- Rupees in '000 -----	
<b>INCOME</b>					
Members' subscription		7,981	6,436	104,279	91,480
Examination and other fees		85,459	64,908	224,033	148,770
Education and training fees		29,827	29,590	55,311	40,847
Publications		1,246	1,825	2,416	3,849
Other operating income	11	411	1,428	2,384	4,819
		124,924	104,187	388,423	289,765
<b>EXPENDITURE</b>					
Salaries, allowances and other benefits		55,943	44,866	109,257	90,090
Examination charges		17,816	8,904	48,591	28,386
Depreciation		8,037	6,117	14,842	11,545
Traveling and related expenses		7,637	5,514	12,968	10,314
Study packs and other publications	12	10,978	2,404	21,369	4,427
Utilities		5,615	4,965	11,124	10,261
Postage and telephone		4,573	2,455	7,431	4,804
Repairs and maintenance		6,567	4,731	15,315	8,388
Printing and stationery		2,314	1,775	5,925	4,939
Rent, rates and taxes		3,072	2,668	6,008	4,947
Advertisement and exhibitions		1,977	2,948	5,735	5,557
Amortisation of intangible assets		1,768	64	3,578	123
Financial assistance to students		2,525	-	2,538	2,002
Financial assistance by benevolent fund		3,136	2,045	6,309	4,166
Vehicles maintenance and running cost		2,234	2,059	4,482	4,100
Legal and professional charges		2,260	2,541	5,379	3,240
Others	13	14,988	6,548	23,196	14,128
		151,440	100,604	304,047	211,417
<b>Excess / (deficit) of income over expenditure before finance income</b>					
		(26,516)	3,583	84,376	78,348
Finance income		16,172	11,395	30,460	22,313
<b>Excess of income over expenditure for the period</b>					
		(10,344)	14,978	114,836	100,661
<b>Other comprehensive income</b>					
Surplus / (deficit) on re-measurement of investments classified as available for sale		618	4	842	16
<b>Total comprehensive income for the period</b>					
		(9,726)	14,982	115,678	100,677
<b>ATTRIBUTABLE TO:</b>					
General Fund		(6,849)	13,245	105,443	88,271
Specific Fund		96	156	91	173
Endowment Funds		(775)	1,473	872	801
Regional Committees		(2,173)	(531)	1,127	1,770
Benevolent Fund		(25)	639	8,145	9,662
		(9,726)	14,982	115,678	100,677

The annexed notes from 1 to 19 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, 2014**

	Note	December 31, 2014	December 31, 2013
		----- Rupees in '000 -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received:			
Membership		81,620	76,135
Examinations		238,797	157,155
Training		55,311	40,847
Publications		1,876	3,835
Facilities and miscellaneous		2,539	2,762
		380,143	280,734
Cash paid:			
Employees		111,253	91,089
Professional bodies		1,514	1,148
Property tax		875	860
Suppliers and vendors		181,416	105,118
		295,058	198,215
<b>Net cash generated from operating activities</b>		<b>85,085</b>	<b>82,519</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments - net		(169,950)	(196,987)
Fixed capital expenditure		(37,212)	(30,928)
Purchase of intangible assets		-	(11,200)
Proceeds from sale of operating fixed assets		1,969	729
Income received from investments		37,430	36,294
Loans, advances and deposits - net		66	521
<b>Net cash used in investing activities</b>		<b>(167,697)</b>	<b>(201,571)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(82,612)</b>	<b>(119,052)</b>
Cash and cash equivalents at beginning of the period		200,186	191,840
Cash and cash equivalents at end of the period	14	117,574	72,788

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

  
**SECRETARY**

  
**PRESIDENT**

9.

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN  
CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014

General Fund	Specific Fund	Endowment Funds			Funds of Regional Committees				Benevolent Fund			Total	
		Students' Endowment Fund	Libraries Development Fund	Sub Total	Southern		Northern	Sub Total	Accumulated Fund	Special Reserve Fund	Sub Total		
					Accumulated Fund	H.J. Irani Memorial Fund	Accumulated Fund						
----- Rupees in '000 -----													
Balance as at July 1, 2013	405,888	3,292	64,033	6,250	70,283	20,740	127	12,186	33,053	65,812	839	66,651	579,167
Total comprehensive income for the half year ended December 31, 2013													
Excess of income over expenditure for the half	88,271	173	619	182	801	747	5	1,018	1,770	9,646	-	9,646	100,661
Other comprehensive income	-	-	-	-	-	-	-	-	-	16	-	16	16
	88,271	173	619	182	801	747	5	1,018	1,770	9,662	-	9,662	100,677
Balance as at December 31, 2013	494,159	3,465	64,652	6,432	71,084	21,487	132	13,204	34,823	75,474	839	76,313	679,844
Balance as at July 1, 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
Total comprehensive income for the half year ended December 31, 2014													
Excess of income over expenditure for the half	105,443	91	644	228	872	228	5	894	1,127	7,303	-	7,303	114,836
Other comprehensive income	-	-	-	-	-	-	-	-	-	842	-	842	842
	105,443	91	644	228	872	228	5	894	1,127	8,145	-	8,145	115,678
Balance as at December 31, 2014	557,642	3,611	65,058	6,860	71,918	23,399	142	13,480	37,021	84,328	839	85,167	755,359

The annexed notes from 1 to 19 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, 2014**

**1 THE INSTITUTE AND ITS OPERATIONS**

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

**Regional Committees**

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

**Endowment Funds**

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

**Benevolent Fund**

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

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

This condensed interim financial information of the Institute for the half year ended December 31, 2014 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 is un-audited. The disclosures made in this condensed interim financial information have been limited in accordance with the requirements of the IAS 34. This does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the audited annual financial statements of the Institute for the year ended June 30, 2014.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Institute for the year ended June 30, 2014, whereas the comparative condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in funds are extracted from the un-audited condensed interim financial information for the half year ended December 31, 2013.

## **2.2 Functional and presentation currency**

This condensed interim financial information has been presented in Pakistani rupees which is the functional currency of the Institute and figures are rounded off to the nearest thousands of rupees unless otherwise specified.

## **2.3 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except for the recognition of certain investments at fair values.

## **3 ACCOUNTING POLICIES**

3.1 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, 2014.

3.2 The Institute has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2014. The adoption of these new and amended standards did not have any effect on this condensed interim financial information.

## **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, 2014, with inclusion of a new estimate pertaining to provision for obsolete stock of study packs and other publications.

		December 31, 2014 Un-audited ----- Rupees in '000 -----	June 30, 2014 Audited
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Leasehold land - Preedy Street, Karachi	18	18
	Operating fixed assets	241,203	203,371
	Capital work in progress	4,030	21,649
		<u>245,251</u>	<u>225,038</u>
	Net book value at beginning of the period / year	203,371	180,215
	Additions during the period / year	54,831	50,908
		<u>258,202</u>	<u>231,123</u>
	Less:		
	Disposals costing Rs.6.20 million (June 30, 2014: Rs.8.37 million) - at book value	2,157	2,529
	Write off costing Rs.Nil (June 30, 2014: Rs.0.75 million) - at book value	-	170
	Depreciation charge for the period / year	14,842	25,053
		<u>16,999</u>	<u>27,752</u>
	Net book value at end of the period / year	<u>241,203</u>	<u>203,371</u>

**5.1.1 Additions during the period / year are as follows:**

Building on leasehold land	4,637	1,802
Building on freehold land	4,662	1,898
Generators	2,918	3,048
Electric fittings and appliances	5,909	13,235
Furniture and fixtures	12,565	8,679
Vehicles	12,195	9,093
Office equipment	11,880	13,153
Library books	65	-
	<u>54,831</u>	<u>50,908</u>

		December 31, 2014 Un-audited	June 30, 2014 Audited
	Note	----- Rupees in '000 -----	
<b>5.1.2 Disposals during the period / year are as follows:</b>			
Building on freehold land		-	32
Electric fittings, air conditioners and appliances		-	145
Furniture and fixtures		-	106
Vehicles		1,918	1,831
Office equipment		239	415
		<u>2,157</u>	<u>2,529</u>

## 6 INTANGIBLE ASSETS

Net book value at the beginning of the period / year		17,805	715
Additions during the period / year		-	21,271
		<u>17,805</u>	<u>21,986</u>
Amortisation charged during the period / year		(3,578)	(4,181)
Net book value at the end of the period / year		<u>14,227</u>	<u>17,805</u>

## 7 LONG TERM INVESTMENTS

Held to maturity			
General Fund	7.1	281,045	57,750
Specific Fund: Prize Fund	7.2	491	489
Endowment Funds	7.3	38,474	28,481
Southern Regional Committee	7.4	9,344	13,613
Benevolent Fund	7.5	3,447	33,903
		<u>332,801</u>	<u>134,236</u>

### 7.1 General Fund

Pakistan Investment Bonds	7.1.1	<u>281,045</u>	<u>57,750</u>
---------------------------	-------	----------------	---------------

7.1.1 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs.286.82 million (June 30, 2014: Rs.58.38 million). Profit is receivable on half yearly basis with yield at rates ranging from 11.75% to 12.47% (June 30, 2014: 11.75% to 12.03%) per annum. These PIBs have term of three years and are maturing on various dates upto July 2017.

		December 31, 2014 Un-audited ----- Rupees in '000 -----	June 30, 2014 Audited
	Note		
7.2	<b>Specific Fund: Prize Fund</b>		
	Pakistan Investment Bonds	7.2.1	491      489
7.2.1	This represents investment in a Pakistan Investment Bond (PIB) having face value of Rs.0.49 million (June 30, 2014: Rs.0.49 million). Profit is receivable on half yearly basis with yield at the rate of 11.85% (June 30, 2014: 11.85%) per annum. This PIB has a term of three years and is maturing in July 2016.		
7.3	<b>Endowment Funds</b>		
	Students' Endowment Fund		
	Pakistan Investment Bonds	7.3.1	33,568      25,566
	Libraries Development Fund		
	Pakistan Investment Bonds	7.3.2	4,906      2,915
			38,474      28,481
7.3.1	This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 34.00 million (June 30, 2014: Rs.25.87 million ). Profit is receivable on half yearly basis with yield at the rates ranging from 11.85% to 12.42% (June 30, 2014: 11.85% to 12.03%) per annum. These PIBs have term of three years and are maturing on various dates upto July 2017.		
7.3.2	This represents investment in PIBs having aggregate face value of Rs.4.98 million (June 30, 2014: Rs.2.95 million). Profit is receivable on half yearly basis with yield at the rates ranging from 11.85% to 12.42% (June 30, 2014: 11.85% to 12.03%) per annum. These PIBs have term of three years and are maturing on various dates upto July 2017.		
7.4	<b>Southern Regional Committee</b>		
	Certificate of Islamic Investments		
	Accumulated Fund	7.4.1	9,344      13,476
	H.J. Irani Memorial Fund		-      137
			9,344      13,613
7.4.1	This represent Certificates of Islamic Investments of a bank costing Rs. 9.25 million (June 30, 2014: Rs. 13.47 million). These certificates carry expected mark-up at the rates ranging between 8.88% and 9.07% (June 30, 2014: 7.54% and 9.06%) per annum and are maturing on various dates latest by June 2019. Accrued mark-up aggregating to Rs. 0.094 million (June 30, 2014: Rs. 0.003 million) is included in the carrying value.		

		December 31, 2014 Un-audited ----- Rupees in '000 -----	June 30, 2014 Audited
<b>7.5 Benevolent Fund</b>	<b>Note</b>		
Defence Saving Certificates	7.5.1	3,447	3,820
Special Saving Certificates		-	30,083
		<u>3,447</u>	<u>33,903</u>

- 7.5.1 This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 2.00 million (June 30, 2014: Rs. 2.00 million). These certificates have been placed for a term of 10 years, maturing on April 7, 2020. These carry mark-up at the rate of 12.10% (June 30, 2014: 12.15%) per annum. Accrued profit aggregating to Rs. 1.45 million (June 30, 2014: Rs. 1.82 million) is included in the carrying value.

## 8 STOCK OF STUDY PACKS, PUBLICATIONS AND SOUVENIRS

Stock of study packs	7,536	7,473
Stock of publications and souvenirs	5,826	4,356
	<u>13,362</u>	<u>11,829</u>
Provision for obsolete stocks	(6,075)	-
	<u>7,287</u>	<u>11,829</u>

## 9 SHORT TERM INVESTMENTS

Held to maturity			
General Fund	9.1	54,912	186,191
Specific Fund : Prize Fund	9.2	2,803	2,729
Endowment Funds	9.3	23,081	33,323
Southern Regional Committee	9.4	10,943	6,520
Northern Regional Committee	9.5	9,549	9,144
Benevolent Fund	9.6	75,977	38,463
Available for sale			
Benevolent Fund	9.6	4,512	3,670
		<u>181,777</u>	<u>280,040</u>

### 9.1 General Fund

Term Deposit Receipts	9.1.1	<u>54,912</u>	<u>186,191</u>
-----------------------	-------	---------------	----------------

- 9.1.1 This represents investment in Term Deposit Receipt (TDR) of financial institutions, having aggregate face value of Rs. 50.00 million (June 30, 2014: Rs 175.00 million ). This TDR carries mark-up at the rate of 9.85% (June 30, 2014: at the rates ranging between 8.70% to 9.85%) per annum and is maturing in January 2015. Accrued mark-up aggregating to Rs. 4.91 million (June 30, 2014: Rs. 11.19 million) is included in the carrying value.

		December 31, 2014 Un-audited ----- Rupees in '000 -----	June 30, 2014 Audited
<b>9.2 Specific Fund : Prize Fund</b>	<b>Note</b>		
Term Deposit Receipts	9.2.1	<u>2,803</u>	<u>2,729</u>

- 9.2.1 This represents placement in Term Deposit Receipts (TDRs) of financial institutions, having aggregate face value of Rs. 2.70 million (June 30, 2014: Rs 2.70 million). These carry mark-up at the rate of 9.00% (June 30, 2014: at the rates ranging between 9.00% and 12.00%) per annum and are maturing on various dates latest by November 2015. Accrued mark-up aggregating to Rs. 0.10 million (June 30, 2014: Rs. 0.029 million) is included in the carrying value.

### 9.3 Endowment Funds

Students' Endowment Fund			
Term Deposit Receipts	9.3.1	23,081	31,165
Libraries Development Fund			
Term Deposit Receipts		<u>-</u>	<u>2,158</u>
		<u>23,081</u>	<u>33,323</u>

- 9.3.1 This represent placements in Term Deposit Receipts (TDRs) of financial institutions, having aggregate face value of Rs. 22.00 million (June 30, 2014: Rs. 30.00 million). These TDRs carry mark-up at the rates ranging between 9.85% and 12.00% (June 30, 2014: 8.75% and 12.00%) per annum and are maturing on various dates upto January 2015. Accrued mark-up aggregating to Rs. 1.08 million (June 30, 2014: Rs. 1.17 million) is included in the carrying value.

### 9.4 Southern Regional Committee

Certificate of Islamic Investments			
Accumulated Fund	9.4.1	10,801	6,520
H.J. Irani Memorial Fund	9.4.2	<u>142</u>	<u>-</u>
		<u>10,943</u>	<u>6,520</u>

9.4.1 This represents placements in Certificates of Islamic Investment, issued by a financial institution aggregating to Rs.10.23 million (June 30, 2014: Rs. 6.00 million). These certificates carry mark-up at rates ranging between 7.51% and 8.94% (June 30, 2014: 7.36% and 7.58%) per annum maturing at various dates upto October 2015. Accrued mark-up aggregating to Rs. 0.57 million (June 30, 2014: Rs. 0.51 million) is included in the carrying value.

9.4.2 This represents placement in a Certificate of Islamic Investment of a bank costing Rs. 0.12 million (June 30, 2014: Rs. Nil). This certificate carries expected mark-up at rates ranging between 7.98% and 8.03% per annum and is maturing on October 31, 2015. Accrued profit aggregating to Rs 0.02 million (June 30, 2014: Rs.Nil) is included in the carrying value.

		December 31, 2014 Un-audited ----- Rupees in '000 -----	June 30, 2014 Audited
<b>9.5 Northern Regional Committee</b>	<b>Note</b>		
Certificate of Islamic Investments	9.5.1	<u>9,549</u>	<u>9,144</u>

9.5.1 This represents investment in Islamic Certificates issued by a bank, having face value of Rs. 9.00 million (June 30, 2014: Rs 9.00 million). This certificate has been placed for a term of one year and is maturing on April 23, 2015 and carries expected profit at the rate of 8.93% (June 30, 2014: 8.93%) per annum. Accrued profit aggregating to Rs. 0.55 million (June 30, 2014: Rs. 0.14 million) is included in the carrying value.

#### 9.6 Benevolent Fund

##### Held to maturity

Treasury Bills

9.6.1

18,556	14,154
--------	--------

Special Saving Certificates

9.6.2

57,421	24,309
--------	--------

75,977

38,463

##### Available for sale

Investments in equity shares

9.6.3

4,512	3,670
-------	-------

80,489

42,133

9.6.1 This represents investment in Treasury Bills, issued by the State Bank of Pakistan costing Rs. 18.32 million (June 30, 2014: Rs. 13.81 million). These bills carry mark-up at rates ranging between 9.49% and 9.96% (June 30, 2014: at the rate of 9.80%) per annum and are maturing on various dates upto June 2015. Accrued mark-up aggregating to Rs. 0.24 million (June 30, 2014: Rs. 0.34 million) is included in the carrying value.



- 9.6.2 This represents investment in Special Saving Certificates, having aggregate face value of Rs. 42.84 million (June 30, 2014: Rs. 18.90 million). These certificates have been placed for a term of 3 years and are maturing on various dates upto August 2015. These carry mark-up at rate of 13.48% (June 30, 2014: 13.48%) per annum. Accrued mark-up aggregating to Rs. 14.58 million (June 30, 2014: Rs. 5.41 million) is included in the carrying value.

December 31, 2014	June 30, 2014
Un-audited	Audited
----- Rupees in '000 -----	

### 9.6.3 Investments in equity shares

The Hub Power Company Limited

As on July 1

2,350

2,466

Surplus / (deficit) on re-measurement

785

(116)

Market value of 40,000 ordinary shares

3,135

2,350

Fauji Fertilizer Company Limited

As on July 1

1,320

1,264

Surplus on re-measurement

57

56

Market value of 11,767 shares

1,377

1,320

4,512

3,670

## 10 CONTINGENCIES AND COMMITMENTS

- 10.1 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 judgment has now been suspended by the Honourable Supreme Court of Pakistan, therefore, no provision has been made in this condensed interim financial information relating to the above referred penalty.
- 10.2 The Competition Commission of Pakistan (the Commission) passed an order dated January 10, 2013, wherein it was held that ICAP circular dated July 4, 2012, refraining the training organizations from engaging trainees of other accounting bodies is in violation of section 4 of the Competition Act 2010, and a penalty of Rs. 25 million was also imposed. The Institute has filed a writ petition in the Honourable Lahore High Court against the aforementioned order in addition to appeal filed before Competition Appellate Tribunal.

The Honourable High Court in the interim order dated October 23, 2013, has confirmed that the penalty imposed by the Commission, in the above referred order of the Commission, shall not be recovered till final disposal of the writ petition. Based on legal advice, the Institute expects a favourable outcome of the legal proceedings, therefore no provision has been made in this condensed interim financial information relating to the above-referred penalty.

- 10.3 Commitments in respect of capital expenditure as at reporting date aggregated to Rs.3.58 million (June 30, 2014: Rs. 8.58 million). Further, commitments in respect of development of new study materials in cooperation with an international publishing house as at the reporting date amounted to Rs. 7.51 million (June 30, 2014: Rs. 8.07 million).

	Quarter ended		Half year ended	
	December 31, 2014 Un-audited ----- Rupees in '000 -----	December 31, 2013 Un-audited ----- Rupees in '000 -----	December 31, 2014 Un-audited ----- Rupees in '000 -----	December 31, 2013 Un-audited ----- Rupees in '000 -----
<b>11 OTHER INCOME</b>				
Income derived from utilization of facilities	1,041	1,073	1,845	1,412
(Deficit) / surplus on Directors' Training Programs	(731)	392	280	3,111
Miscellaneous income / (loss)	101	(37)	259	296
	<u>411</u>	<u>1,428</u>	<u>2,384</u>	<u>4,819</u>
<b>12 STUDY PACKS AND OTHER PUBLICATIONS</b>				
Study packs:				
Cost of publication of study packs	7,214	-	25,431	-
Adjustment of closing stock	1,925	-	(7,535)	-
	9,139	-	17,896	-
Other publications	1,839	2,404	3,473	4,427
	<u>10,978</u>	<u>2,404</u>	<u>21,369</u>	<u>4,427</u>
<b>13 OTHERS</b>				
Fees to professional bodies	757	574	1,514	1,148
Auditors' remuneration	151	110	331	121
Meetings and related expenses	290	254	970	618
Books and publications	121	90	234	211
Conveyance	129	63	190	115
Entertainment / meeting expenses	745	589	1,240	1,096
Bank charges	972	452	2,712	1,584
Zakat	-	-	-	875
Insurance	692	492	1,163	972
Provision for obsolete stocks	6,075	-	6,075	-
Gold medals and award ceremony	812	641	910	747
Entrance test conducting charges	-	25	-	95

	Quarter ended		Half year ended	
	December 31,	December 31,	December 31,	December 31,
	2014	2013	2014	2013
	Un-audited	Un-audited	Un-audited	Un-audited
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Training expenses	322	87	507	546
Online Education and Research Facility (PERN-2)	559	597	1,103	1,152
Chartered Accountants talent program	278	-	488	-
Loss on sale of operating fixed assets	(4)	16	29	207
Honoraria to article writers	-	-	175	165
Sports and recreation	74	222	302	473
Bad debts	153	-	153	114
Net deficit from seminar and conferences	1,721	1,337	2,956	2,544
Sundry expenses	1,141	999	2,144	1,345
	<u>14,988</u>	<u>6,548</u>	<u>23,196</u>	<u>14,128</u>

#### 14 CASH AND CASH EQUIVALENTS

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

	December 31, 2014 Un-audited ----- Rupees in '000 -----	December 31, 2013 Un-audited ----- Rupees in '000 -----
Cash and bank balances	30,445	43,652
Short term investments realizable within three months	87,129	29,136
	<u>117,574</u>	<u>72,788</u>

#### 15 TRANSACTIONS WITH RELATED PARTIES

##### 15.1 Significant transactions with related parties are as follows:

Relationship with the Institute	Nature of transactions	December 31, 2014 Un-audited ----- Rupees in '000 -----	December 31, 2013 Un-audited ----- Rupees in '000 -----
Staff retirement benefit plan	Contribution paid to Provident Fund	5,084	4,245
Key management personnel	Managerial remuneration	52,920	42,319
Secretary / COO, Directors and other executives	Reimbursement of expenses	4,110	3,835
Members of the Council	Membership fee received	514	416
	Reimbursement of expenses	4,444	1,770

## 15.2 Period / year end balances:

Relationship with the Institute	Nature of balances	December 31, 2014	June 30, 2014
		Un-audited ----- Rupees in '000 -----	Audited
Key management personnel			
Secretary / COO,	Loans, advances and deposits	1,430	1,599
Directors and other executives	Loans, advances, prepayments and other receivables	249	538
	Creditors, accrued expenses and other liabilities	131	131
Members of the Council	Loans, advances, prepayments and other receivables	155	-
	Creditors, accrued expenses and other liabilities	39	1,434

## 16 SEGMENT INFORMATION

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

### (a) Service segments:

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

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

### (b) Geographical segments:

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

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

## 16.1 Service segments

### 16.1.1 Basis of allocation:

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

#### 16.1.2 Segment revenue and results

Income

from members  
from students  
others

Total income

Expenditure - note 16.1.3

Finance Income and Surplus on re-measurement of available for sale investments  
Excess of income over expenditure

Un-audited					Audited				
For half year ended December 31, 2014					For half year ended December 31, 2013				
Examination	Education	Membership	General Services	Total	Examination	Education	Membership	General Services	Total
Rupees in '000									
-	-	104,279	-	104,279	-	-	91,480	-	91,480
224,033	55,311	-	-	279,344	148,770	40,847	-	-	189,617
-	-	-	4,800	4,800	-	-	-	8,668	8,668
224,033	55,311	104,279	4,800	388,423	148,770	40,847	91,480	8,668	289,765
102,871	58,311	55,415	87,450	304,047	72,936	27,830	47,014	63,637	211,417
				84,376					78,348
				31,302					22,329
				115,678					100,677

#### 16.1.3 Expenditure

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

31,878	13,983	27,960	35,436	109,257	27,998	9,758	23,333	29,001	90,090
48,591	-	-	-	48,591	28,386	-	-	-	28,386
3,858	1,780	2,075	7,129	14,842	3,232	1,269	1,612	5,432	11,545
2,428	393	9,740	407	12,968	1,290	632	8,159	233	10,314
-	21,369	-	-	21,369	-	4,427	-	-	4,427
2,892	1,335	1,557	5,340	11,124	2,873	1,128	1,436	4,824	10,261
1,932	890	1,038	3,571	7,431	1,345	528	672	2,259	4,804
3,982	1,837	2,142	7,354	15,315	2,348	922	1,175	3,943	8,388
1,471	815	603	3,036	5,925	1,139	889	650	2,261	4,939
16	5	20	5,967	6,008	32	13	33	4,869	4,947
-	4,644	460	631	5,735	-	4,960	159	438	5,557
930	429	501	1,718	3,578	34	14	16	59	123
-	2,538	-	-	2,538	-	2,002	-	-	2,002
-	-	-	6,309	6,309	-	-	-	4,166	4,166
1,204	710	1,480	1,088	4,482	1,175	531	1,483	911	4,100
28	-	2,066	3,285	5,379	24	-	3,065	151	3,240
3,661	7,583	5,773	6,179	23,196	3,060	757	5,221	5,090	14,128
102,871	58,311	55,415	87,450	304,047	72,936	27,830	47,014	63,637	211,417

#### 16.1.4 Other Information

Segments assets employed  
Unallocated assets  
Total assets

Segments liabilities employed

Un-audited					Audited				
As at December 31, 2014					As at June 30, 2014				
Examination	Education	Membership	General Services	Total	Examination	Education	Membership	General Services	Total
Rupees in '000									
34,071	23,999	23,142	206,976	288,188	23,788	23,455	23,774	194,911	265,928
				559,468					477,923
				847,656					743,851
53,436	5,774	7,734	25,353	92,297	38,987	3,635	30,873	30,675	104,170

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

## 16.2 Geographical segments:

### 16.2.1 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 numbers of members at each geographical segment.

#### 16.2.2 Segment revenue and results

##### Income

from members  
from students  
other general services - unallocated

Allocated expenditure - Members and Students

Unallocated expenditure - General Services

Total expenditure (16.2.3)

Finance Income and Surplus on re-measurement  
of available for sale investments

Excess of income over expenditure

#### 16.2.3 Expenditure

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

Expenditure - as and when incurred

Inter-segment allocation / transfer to unallocated

Allocated expenditure - Members and Students

Unallocated expenditure - General Services

Total expenditure

Un-audited									
For half year ended December 31, 2014					For half year ended December 31, 2013				
Karachi	Lahore	Islamabad and Rawalpindi	Others	Total	Karachi	Lahore	Islamabad and Rawalpindi	Others	Total
Rupees in '000									
44,101	20,016	10,016	30,146	104,279	38,758	17,724	8,615	26,383	91,480
89,362	96,592	49,759	43,631	279,344	61,438	64,353	34,734	29,092	189,617
-	-	-	-	4,800	-	-	-	-	8,668
133,463	116,608	59,775	73,777	388,423	100,196	82,077	43,349	55,475	289,765
74,997	66,371	34,034	41,195	216,597	52,568	43,307	22,886	29,019	147,780
-	-	-	-	87,450	-	-	-	-	63,637
74,997	66,371	34,034	41,195	304,047	52,568	43,307	22,886	29,019	211,417
				84,376					78,348
				31,302					22,329
				115,678					100,677

Un-audited					Audited				
As at December 31, 2014					As at June 30, 2014				
Karachi	Lahore	Islamabad and Rawalpindi	Others	Total	Karachi	Lahore	Islamabad and Rawalpindi	Others	Total
Rupees in '000									
192,943	58,064	22,135	15,046	288,188	173,106	59,426	19,379	14,018	265,929
				559,468					477,922
				847,656					743,851
33,264	6,756	125	491	40,636	34,392	9,826	455	97	44,770
				51,661					59,400
				92,297					104,170

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

17 **SEASONALITY**

The Institute's surplus is subject to periodical fluctuation due to the fact that most of the membership subscription is received at the beginning of the financial year.

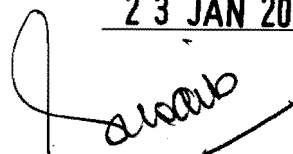
18 **CORRESPONDING FIGURE**

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

Reclassification from component	Reclassification to component	Quarter ended Dec. 31, 2013 Rupees in '000	Half year ended Dec. 31, 2013 Rupees in '000
<b>Statement of Comprehensive Income</b>			
Others	Printing and stationery	-	107
Others	Amortisation of intangible assets	64	123
Others	Financial assistance to students	-	2,002
Others	Financial assistance by benevolent fund	2,045	4,166
Others	Vehicles maintenance and running cost	2,059	4,100
Others	Legal and professional charges	2,541	3,240

19 **DATE OF AUTHORIZATION FOR ISSUE**

The Council of the Institute authorized these condensed interim financial information for issue on  
23 JAN 2015.

  
SECRETARY

  
PRESIDENT