



# **The Institute of Chartered Accountants of Pakistan**

**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN  
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2013**

	Note	September 30, 2013 Un-audited ----- Rupees in '000 -----	'June 30, 2013 Audited
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	189,864	183,561
Intangible assets	6	9,730	3,875
Long term investments	7	85,054	81,853
Loans, advances and deposits		5,375	5,721
		<u>290,023</u>	<u>275,010</u>
<b>CURRENT ASSETS</b>			
Stock of publications and souvenirs		5,945	6,778
Short term investments	8	364,810	314,621
Loans, advances, prepayments and other receivables		16,509	11,829
Cash and bank balances		39,264	28,336
		426,528	361,564
<b>CURRENT LIABILITIES</b>			
Creditors, accrued expenses and other liabilities		35,428	24,236
Fee received in advance		16,261	33,171
		51,689	57,407
<b>NET CURRENT ASSETS</b>		<b>374,839</b>	<b>304,157</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9	-	-
		<u>664,862</u>	<u>579,167</u>
<b>FINANCED BY:</b>			
General Fund		480,914	405,888
Specific Funds		3,309	3,292
Endowment Funds		69,611	70,283
Regional Committees		35,354	33,053
Benevolent Fund		75,674	66,651
		<u>664,862</u>	<u>579,167</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

**SECRETARY**

**PRESIDENT**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	Note	September 30, 2013	September 30, 2012
----- Rupees in '000 -----			
<b>Income</b>			
Members' subscription		85,044	73,251
Examination and other fees		83,862	81,822
Education and training fees		11,257	8,967
Publications		2,024	1,020
Other operating income	10	3,391	865
		<b>185,578</b>	<b>165,926</b>
<b>Expenditure</b>			
Salaries, allowances and other benefits	11	45,224	35,716
Examination charges		19,482	17,194
Depreciation		5,428	4,763
Traveling and related expenses		4,800	4,561
Publications		2,023	1,567
Utilities		5,296	5,013
Postage and telephone		2,349	2,015
Repairs and maintenance		3,657	4,800
Printing and stationery		3,057	2,258
Rent, rates and taxes		2,279	1,548
Advertisement and exhibition		2,609	391
Others	12	14,609	13,128
		<b>110,813</b>	<b>92,954</b>
<b>Excess of income over expenditure before finance income</b>		<b>74,765</b>	<b>72,972</b>
Finance income		10,918	9,756
<b>Excess of income over expenditure for the period</b>		<b>85,683</b>	<b>82,728</b>
<b>Other comprehensive income</b>			
Surplus on re-measurement of investments - available for sale		12	208
<b>Total comprehensive excess of income over expenditure for the period</b>		<b>85,695</b>	<b>82,936</b>

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**SECRETARY**

**PRESIDENT**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS - DIRECT METHOD (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

	September 30, 2013	September 30, 2012
Note	----- Rupees in '000 -----	
<b>Cash flows from operating activities</b>		
<b>Cash received:</b>		
Membership	69,876	63,945
Examinations	78,444	75,997
Training	11,257	8,967
Publications	2,239	812
Facilities and miscellaneous	7,192	1,670
	<b>169,008</b>	<b>151,391</b>
<b>Cash paid:</b>		
Employees	46,862	36,911
Professional bodies	574	538
Property tax	860	191
Suppliers and vendors	49,823	14,893
	<b>98,119</b>	<b>52,533</b>
<b>Net cash generated from operating activities</b>	<b>70,889</b>	<b>98,858</b>
<b>Cash flows from investing activities</b>		
Investments - net	(143,858)	457
Fixed capital expenditure	(18,565)	(11,816)
Proceeds from sale of operating fixed assets	729	-
Income received from investments	29,173	1,290
Loans and deposits recovered	416	80
Loans and deposits paid	(70)	(126)
<b>Net cash used in investing activities</b>	<b>(132,175)</b>	<b>(10,116)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(61,286)</b>	<b>88,742</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>191,840</b>	<b>17,329</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>130,554</b>	<b>106,071</b>

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**SECRETARY**

**PRESIDENT**

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN  
CONDENSED INTERIM STATEMENT OF CHANGES IN FUNDS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013

General Fund	Specific Funds	Endowment Funds			Regional committees				Benevolent Fund			Total	
	Prize Fund	Students' Endowment Fund	Libraries Development Fund	Sub Total	Southern		Nothern	Sub Total	Accumulated Fund	Special Reserve Fund	Sub Total		
					Accumulated Fund	H.J. Irani Memorial Fund	Accumulated Fund						
----- Rupees '000 -----													
<b>Balance as at July 01, 2012</b>	<b>349,870</b>	<b>3,217</b>	52,591	5,913	<b>58,504</b>	18,864	120	11,780	<b>30,764</b>	56,951	839	<b>57,790</b>	<b>500,145</b>
Transferred to Student's Endowment Fund	<b>(10,000)</b>	-	10,000	-	<b>10,000</b>	-	-	-	-	-	-	-	-
Transferred from comprehensive income	<b>75,471</b>	<b>15</b>	(1,300)	33	<b>(1,267)</b>	1,365	-	995	<b>2,360</b>	6,357	-	<b>6,357</b>	<b>82,936</b>
<b>Balance as at September 30, 2012</b>	<b>415,341</b>	<b>3,232</b>	61,291	5,946	<b>67,237</b>	20,229	120	12,775	<b>33,124</b>	63,308	839	<b>64,147</b>	<b>583,081</b>
<b>Balance as at July 01, 2013</b>	<b>405,888</b>	<b>3,292</b>	64,033	6,250	<b>70,283</b>	20,740	127	12,186	<b>33,053</b>	65,812	839	<b>66,651</b>	<b>579,167</b>
Transferred from comprehensive income	<b>75,026</b>	<b>17</b>	(742)	70	<b>(672)</b>	1,249	3	1,049	<b>2,301</b>	9,023	-	<b>9,023</b>	<b>85,695</b>
<b>Balance as at September 30, 2013</b>	<b>480,914</b>	<b>3,309</b>	63,291	6,320	<b>69,611</b>	21,989	130	13,235	<b>35,354</b>	74,835	839	<b>75,674</b>	<b>664,862</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

SECRETARY

PRESIDENT

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2013**

**1 THE INSTITUTE AND ITS OPERATIONS**

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

**Endowment Funds**

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

**Regional Committees**

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

**Benevolent Fund**

Benevolent Fund (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**

These condensed interim financial statements of the Institute for the quarter ended September 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting.

These condensed interim financial statements are un-audited 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, 2013.

**2.2 Functional and presentation currency**

These condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Institute. Figures in these condensed interim financial statements have been rounded-off to the nearest Rupees in thousand.

### 3 ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of audited annual financial statements for the year ended June 30, 2013.

### 4 ESTIMATES

The preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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, 2013.

		<b>September 30, 2013</b>	June 30, 2013
		<b>Un-audited</b>	Audited
		----- Rupees in '000 -----	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>	Note		
Operating fixed assets	5.1	<b>182,495</b>	180,215
Leasehold land - Preedy Street, Karachi	5.2	<b>18</b>	18
Capital work in progress		<b>7,351</b>	3,328
		<b>189,864</b>	183,561
<b>5.1 Operating fixed assets</b>			
Opening net book value		<b>180,215</b>	167,847
Additions during the period	5.1.1	<b>8,627</b>	35,873
		<b>188,842</b>	203,720
<b>Less:</b>			
Disposals and adjustment during the period	5.1.2	<b>(919)</b>	(2,043)
Depreciation charge for the period		<b>(5,428)</b>	(21,462)
		<b>(6,347)</b>	(23,505)
Closing net book value		<b>182,495</b>	180,215
<b>5.1.1 Additions during the period / year are as follows:</b>			
Buildings on leasehold land		-	2,117
Generator		<b>1,480</b>	5,634
Electric fittings, air conditioners and appliances		<b>1,170</b>	2,456
Furniture and fixtures		<b>722</b>	4,953
Vehicles		<b>3,688</b>	11,112
Office equipment		<b>1,567</b>	9,457
Library books		-	144
		<b>8,627</b>	35,873

<b>September 30, 2013</b>	June 30, 2013
<b>Un-audited</b>	Audited
----- Rupees in '000 -----	

**5.1.2 Disposals during the period / year are as follows:**

at net book value

- Building on freehold land	(32)	-
- Generator	-	(832)
- Electric fittings, air conditioners and appliances	(145)	(212)
- Furniture and fixtures	(73)	(366)
- Vehicles	(575)	(212)
- Office equipment	(94)	(421)
	<u>(919)</u>	<u>(2,043)</u>

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

<b>September 30, 2013</b>	June 30, 2013
<b>Un-audited</b>	Audited
----- Rupees in '000 -----	

**6 INTANGIBLE ASSETS**

Note

Computer softwares		655	715
Capital work in progress	6.1	<u>9,075</u>	<u>3,160</u>
		<u>9,730</u>	<u>3,875</u>

**6.1** This represents cost incurred up to the reporting date on development of new study materials in cooperation with an International Publishing House.

<b>September 30, 2013</b>	June 30, 2013
<b>Un-audited</b>	Audited
----- Rupees in '000 -----	

**7 LONG TERM INVESTMENTS**

Note

Specific Fund: Prize Fund	7.1	1,400	1,400
Endowment Funds	7.2	11,000	11,000
Southern Regional Committee	7.3	19,213	17,604
Benevolent Fund	7.4	53,441	51,849
		<u>85,054</u>	<u>81,853</u>

**7.1 Specific Fund: Prize Fund**

Term Deposit Receipts	7.1.1	<u>1,400</u>	<u>1,400</u>
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**7.1.1** This represents investment in Term Deposit Receipts (TDRs) placed with a bank, having an aggregate face value of Rs. 1.40 million (June 30, 2013: Rs. 1.40 million). These TDRs carry profit at the rate of 12.00% (June 30, 2013: 12.00% ) per annum and profit thereon is paid on a monthly basis. These TDRs have been placed for a term of 5 years and are maturing on November 15, 2014.

<b>September 30, 2013</b>	June 30, 2013
<b>Un-audited</b>	Audited
----- Rupees in '000 -----	

**7.2 Endowment Funds**

Note

<b>Students' Endowment Fund</b>			
Term Deposit Receipts	7.2.1	<u>11,000</u>	<u>11,000</u>



**7.2.1** This represents investment in Term Deposit Receipts (TDRs) placed with a bank, having an aggregate face value of Rs. 11.00 million (June 30, 2013: Rs. 11.00 million). These TDRs have been placed for a term of 5 years and are maturing on various dates upto January 2015. These carry profit at the rate of 12.00% (June 30, 2013: 12.00%) per annum and profit thereon is paid on a monthly basis.

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
	Note	----- Rupees in '000 -----	
<b>7.3 Southern Regional Committee</b>			
Certificate of Islamic Investments			
Accumulated Fund	7.3.1	<b>19,083</b>	17,477
H.J. Irani Memorial Fund	7.3.2	<b>130</b>	127
		<u><b>19,213</b></u>	<u>17,604</u>

**7.3.1** These represent Certificates of Islamic Investments, placed with a bank having aggregate face value of Rs. 17.53 million (June 30, 2013: Rs. 16.03 million). These certificates carry expected profit at the rates ranging between 8.74% and 9.00% (June 30, 2013: 8.89% and 9.78%) per annum and are maturing on various dates latest by June 30, 2015. Accrued profit aggregating Rs. 1.55 million (June 30, 2013: Rs. 1.44 million) is included in the carrying value.

**7.3.2** This represents a Certificate of Islamic Investment, placed with a bank having aggregate face value of Rs. 0.12 million (June 30, 2013: Rs. 0.12). This certificate carries expected profit ranging between 8.89% and 9.78% (June 30, 2013: 7.95% and 9.78%) and is maturing on October 31, 2015. Accrued profit aggregating Rs 0.01 million (June 30, 2013: Rs. 0.01 million) is included in the carrying value.

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
	Note	----- Rupees in '000 -----	
<b>7.4 Benevolent Fund</b>			
Defence Saving Certificates	7.4.1	<b>3,498</b>	3,390
Special Saving Certificates	7.4.2	<b>49,943</b>	48,459
		<u><b>53,441</b></u>	<u>51,849</u>

**7.4.1** This represents investment in Defence Savings Certificates, having an aggregate face value of Rs. 2.00 million (June 30, 2012: Rs. 2.00 million). These certificates have been placed for a term of 10 years. These carry profit at the rate of 12.15% (June 30, 2012: 12.15%) per annum. Accrued profit aggregating Rs. 1.49 million (June 30, 2013: Rs. 1.39 million) is included in the carrying value.

**7.4.2** This represents investment in Special Savings Certificates, having an aggregate face value of Rs. 42.84 million (June 30, 2013: Rs. 42.84 million). These certificates have been placed for a term of 3 years. These carry profit at the rate of 13.48% (June 30, 2013: 13.48%) per annum. Accrued profit aggregating Rs. 7.10 million (June 30, 2013: Rs. 5.61 million) is included in the carrying value.

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
	Note	----- Rupees in '000 -----	
<b>8 SHORT TERM INVESTMENTS</b>			
General Fund	8.1	<b>283,064</b>	246,832
Specific Fund: Prize Fund	8.2	<b>1,826</b>	1,867
Endowment Funds	8.3	<b>51,320</b>	42,564
Southern Regional Committee	8.4	<b>835</b>	819
Northern Regional Committee	8.5	<b>9,000</b>	9,000
Benevolent Fund	8.6	<b>18,765</b>	13,539
		<u><b>364,810</b></u>	<u>314,621</u>

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
	Note	----- Rupees in '000 -----	
<b>8.1 General Fund</b>			
Term Deposit Receipts	8.1.1	<b>283,064</b>	198,137
Special Saving Certificates	8.1.2	-	48,695
		<u><b>283,064</b></u>	<u>246,832</u>

**8.1.1** This represents investment in Term Deposit Receipts (TDRs) placed with banks, having an aggregate face value of Rs. 274.21 million (June 30, 2013: Rs 184.20 million ). These TDRs carry profit at the rates ranging between 8.00% and 14.00% (June 30, 2013: 8.90% and 14.00%) per annum and are maturing on various dates upto June 2014. Accrued profit aggregating Rs. 9.11 million (June 30, 2013: Rs. 13.93 million) is included in the carrying value.

**8.1.2** This represents investment in Special Saving Certificates, having an aggregate face value of Rs. Nil (June 30, 2013: Rs. 35.00 million) which matured on August 01, 2013.

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
	Note	----- Rupees in '000 -----	
<b>8.2 Specific Fund: Prize Fund</b>			
Term Deposit Receipts	8.2.1	<u><b>1,826</b></u>	<u>1,867</u>

**8.2.1** This represents investment in Term Deposit Receipts (TDRs) placed with banks, having an aggregate face value of Rs 1.80 million (June 30, 2013: Rs 1.80 million). These are maturing on various dates latest by December 31, 2013. These TDRs carry profit at the rates ranging between of 8.00% and 9.00% (June 30, 2013: 8.00% and 9.70%) per annum. Accrued profit aggregating Rs. 0.03 million (June 30, 2013: Rs. 0.06 million) is included in the carrying value.

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
	Note	----- Rupees in '000 -----	
<b>8.3 Endowment Funds</b>			
<b>Students' Endowment Fund</b>			
Term Deposit Receipts	8.3.1	<b>46,293</b>	39,403
<b>Libraries Development Fund</b>			
Term Deposit Receipts	8.3.2	<u><b>5,027</b></u>	<u>3,161</u>
		<u><b>51,320</b></u>	<u>42,564</u>

**8.3.1** This represents investments in Term Deposit Receipts (TDRs) placed with banks, having an aggregate face value of Rs. 45.29 million (June 30, 2013: Rs. 37.29 million). These TDRs carry profit at the rates ranging between 9.00% to 12.70% (June 30, 2013: 9.40% and 12.70% ) per annum and are maturing on various dates upto June, 2014. Accrued profit aggregating Rs. 0.92 million (June 30, 2013: Rs. 2.11 million) is included in the carrying value.

**8.3.2** This represents investment in a Term Deposit Receipts (TDRs) placed with banks, having an aggregate face value of Rs. 5.00 million (June 30, 2013: Rs. 3.0. million). These TDRs carry profit at the rates ranging between of 8.75% to 12.70% (June 30, 2013: 9.70% and 12.70%) per annum and is maturing on various dates upto June, 2014. Accrued profit aggregating Rs. 0.027 million (June 30, 2013: Rs. 0.16) is included in the carrying value.

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
<b>8.4 Southern Regional Committee</b>	Note	----- Rupees in '000 -----	
Certificate of Islamic Investments			
Accumulated Fund	8.4.1	<u><u>835</u></u>	<u><u>819</u></u>

**8.4.1** This represents Certificates of Islamic Investment placed with a bank having an aggregate face value of Rs. 0.80 million (June 30, 2013: Rs 0.80 million). These certificates carry expected profit at the rates ranging between 7.17% and 8.02% (June 30, 2013: 9.06% and 9.30%) per annum. Accrued profit aggregating Rs. 0.03 million (June 30, 2013: Rs. 0.02 million) is included in the carrying value.

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
<b>8.5 Northern Regional Committee</b>	Note	----- Rupees in '000 -----	
Habib Islamic certificates	8.5.1	<u><u>9,000</u></u>	<u><u>9,000</u></u>

**8.5.1** This represents investment in Islamic Certificates placed with a bank, having an aggregate face value of Rs. 9.00 million (June 30, 2012: Rs 9.00 million). These certificates have been placed for a term of one year and the profit thereon is paid on a monthly basis. These are maturing on April 23, 2014 and carry expected profit at the rate of 8.93% (June 30, 2013: 10.50%) per annum.

		<b>September 30, 2013 Un-audited</b>	June 30, 2013 Audited
<b>8.6 Benevolent Fund</b>	Note	----- Rupees in '000 -----	
Investments in listed securities	8.6.1	<u>3,742</u>	3,730
Investments in government securities	8.6.2	<u>15,023</u>	9,809
		<u><u>18,765</u></u>	<u><u>13,539</u></u>

**8.6.1 Investments in listed securities**

**Equity shares**

***Hub Power Co. Ltd.***

As on July 01	<b>2,466</b>	1,676
Surplus on re-measurement	<u>83</u>	<u>790</u>
Market value of 40,000 ordinary shares @ Rs. 63.73 [2013: Rs. 61.65]	<b>2,549</b>	2,466

***Fauji Fertilizer Co. Ltd.***

As on July 01	<b>1,264</b>	1,306
Deficit on re-measurement	<u>(71)</u>	<u>(42)</u>
Market value of 11,767 shares @ Rs. 101.37 [2013: Rs. 107.40]	<b>1,193</b>	1,264
	<u><u>3,742</u></u>	<u><u>3,730</u></u>

**8.6.2** This represents investment in Treasury bills, having face value of Rs. 14.94 million (June 30, 2013: Rs. 9.79 million). This has been placed for a term of three months and are maturing upto November 2013. These carry profit at the rates ranging between 9.09% and 9.18% (June 30, 2013: 8.91% and 9.30%) per annum. Accrued profit aggregating Rs. 0.083 million (June 30, 2013: Rs. 0.01 million) is included in the carrying value.

## **9 CONTINGENCIES AND COMMITMENTS**

**9.1** The Appellate Bench of the Competition Commission of Pakistan (the Commission) 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 these financial statements relating to the above referred penalty.

**9.2** The Competition Commission of Pakistan (the Commission) 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 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.

**9.3** Commitments in respect of capital expenditure as at reporting date amounted to Rs. 8.40 million (June 30, 2013: Rs. 14.46 million). Further, commitments in respect of development of new study materials in cooperation with an International Publishing House as at the reporting date amounted to Rs. 14.60 million (June 30, 2013: Rs. 20.22 million).

		<b>September 30, 2013</b>	September 30, 2012
		<b>Un-audited</b>	Un-audited
Note		----- Rupees in '000 -----	
<b>10 OTHER OPERATING INCOME</b>			
Income derived from rental of facilities		<b>339</b>	835
Surplus on Directors' Training Programs	10.1	<b>2,719</b>	-
Miscellaneous income		<b>333</b>	30
		<b><u>3,391</u></b>	<u>865</u>

**September 30,**  
**2013**  
**Un-audited**  
----- Rupees in '000 -----

September 30,  
2012  
Un-audited

**10.1 Net income from Directors' training programme**

Fee received for training	6,219	-
Less: expenses incurred on training	(3,500)	(500)
	<b>2,719</b>	<b>(500)</b>

**11 SALARIES, ALLOWANCES AND OTHER BENEFITS**

Salaries and allowances	42,623	33,553
Employees' health insurance	480	389
Defined contribution plan - Provident fund	2,121	1,774
	<b>45,224</b>	<b>35,716</b>

**12 OTHERS**

Fees to professional bodies		574	538
Legal and professional charges		699	964
Auditors' remuneration		11	65
Meeting and related expenses	12.1	471	241
Books and publications		121	143
Conveyance		52	63
Staff refreshment expenses		507	365
Bank charges		1,132	1,008
Zakat		875	774
Insurance		480	354
Vehicles maintenance and running cost		2,041	1,461
Amortization of intangible assets		59	79
Gold medals and award ceremony		106	558
Entrance test conducting charges		70	59
Training expenses		459	121
Financial assistance to students		2,002	1,919
Online Education and Research Facility (PERN-2)		555	552
Loss on sale of operating fixed assets		191	-
Financial assistance to members/families		2,121	1,923
Honoraria to article writer		165	99
Sports and recreation		251	32
Director's Training Programme		-	500
Balance written off		114	-
Net deficit from seminar & conferences	12.2	1,207	790
Sundry expenses		346	520
		<b>14,609</b>	<b>13,128</b>

12.1 This includes expenditure incurred in respect of meetings of the Council, Committees and Annual General meeting.

**12.2 Net deficit from seminar & conferences**

This represents net deficit incurred in respect of activities of Continuous Professional Development conducted by the Regional Committees.

Contributions from members, sponsors and others		372	850
Less: expenses incurred		(1,579)	(1,640)
		<b>(1,207)</b>	<b>(790)</b>

### 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, balances with banks and short term investments realizable within three months. Cash and cash equivalents included in the statement of cash flows comprise of the

	<b>September 30, 2013</b>	September 30, 2012
	<b>Un-audited</b>	Un-audited
	----- Rupees in '000 -----	-----
Cash and bank balances	<b>39,264</b>	17,360
Short term investments realizable within three months	<b>91,290</b>	88,711
	<b><u>130,554</u></b>	<u>106,071</u>

### 14 TRANSACTIONS WITH RELATED PARTIES

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

<b>Relationship with the Institute</b>	<b>Nature of transactions</b>	<b>Sep. 30, 2013</b>	Sep. 30, 2012
		----- Rupees in '000 -----	-----
(i) Staff retirement benefit plans:	Contribution paid to:		
	- Provident Fund	<b>2,121</b>	1,774
(ii) Key management personnel:	- Membership fee received	<b>416</b>	368
	- Traveling and related expenses	<b>2,446</b>	3,274

### 15 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 and Khyber Pakhtunkhwa); and
- South (includes provinces namely Sindh and Baluchistan)

#### **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

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

## 15.1 Geographical segments

Bases of allocation amongst geographical segments are as follows:

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

### GEOGRAPHICAL SEGMENT RESULT

	September 2013			September 2012		
	South	North	Total	South	North	Total
<b>Income</b>	----- Rs. '000 -----					
- from members	50,176	34,868	85,044	43,218	30,033	73,251
- from students	34,243	60,876	95,119	32,684	58,105	90,789
- others	2,220	3,195	5,415	774	1,112	1,886
Total income	86,639	98,939	185,578	76,676	89,250	165,926
Less: Expenditure - note 15.1.1	44,824	65,989	110,813	37,601	55,353	92,954
	<u>41,815</u>	<u>32,950</u>	<u>74,765</u>	<u>39,075</u>	<u>33,897</u>	<u>72,972</u>
Finance Income and Surplus on re-measurement of investments available for sale			10,930			9,964
Excess of Income over expenditure			<u>85,695</u>			<u>82,936</u>

	September 2013			June 2013		
	South	North	Total	South	North	Total
<b>Other Information</b>	----- Rs. '000 -----					
Segments assets employed	96,051	131,374	227,425	89,977	121,788	211,765
Unallocated assets			489,126			424,809
Total assets			<u>716,551</u>			<u>636,574</u>
Segments liabilities employed	21,192	30,497	51,689	23,537	33,870	57,407
Total liabilities			<u>51,689</u>			<u>57,407</u>
Capital expenditure incurred during the quarter / year	3,537	5,090	8,627	13,991	21,882	35,873

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.

### 15.1.1

Expenditure	September 2013			September 2012		
	South	North	Total	South	North	Total
	----- Rs. '000 -----					
Salary, allowance, and other benefits	18,542	26,682	45,224	14,644	21,072	35,716
Examination charges	7,014	12,468	19,482	6,190	11,004	17,194
Depreciation	2,226	3,202	5,428	1,953	2,810	4,763
Traveling & related expenses	1,968	2,832	4,800	1,870	2,691	4,561
Publications	1,046	977	2,023	790	777	1,567
Utilities	2,172	3,124	5,296	2,055	2,958	5,013
Postage and telephone	963	1,386	2,349	826	1,189	2,015
Repair and maintenance	1,499	2,158	3,657	1,968	2,832	4,800
Printing and stationery	1,254	1,803	3,057	926	1,332	2,258
Rent, rates and taxes	935	1,344	2,279	635	913	1,548
Advertisement and exhibitions	1,070	1,539	2,609	160	231	391
Fees to international professional bodies	339	235	574	317	221	538
Legal & professional charges	287	412	699	395	569	964
Auditors' remuneration	6	5	11	38	27	65
Meetings and related expenses	278	193	471	142	99	241
Books & publications	50	71	121	59	84	143
Conveyance	21	31	52	26	37	63
Staff refreshment expenses	208	299	507	149	216	365
Bank charges	464	668	1,132	413	595	1,008
Zakat	359	516	875	318	456	774
Insurance	197	283	480	145	209	354
Vehicle maintenance and running cost	837	1,204	2,041	599	862	1,461
Amortization of intangible assets	24	35	59	32	47	79
Gold medals & award ceremony	106	-	106	377	181	558
Entrance tests conducting charges	20	50	70	13	46	59
Training expenses	188	271	459	50	71	121
Financial assistance to students	721	1,281	2,002	691	1,228	1,919
Online Education & Research Facility (PERN 2)	227	328	555	226	326	552
Loss on sale of fixed assets	78	113	191	-	-	-
Financial assistance to members/families	870	1,251	2,121	798	1,125	1,923
Honoraria to article writer	68	97	165	41	58	99
Sports & recreation	103	148	251	13	19	32
Director's Training Programme	-	-	-	205	295	500
Balance written off	47	67	114	-	-	-
Net deficit from seminar & conferences	495	712	1,207	324	466	790
Sundry expenses	142	204	346	213	307	520
<b>Total expenditure</b>	<b>44,824</b>	<b>65,989</b>	<b>110,813</b>	<b>37,601</b>	<b>55,353</b>	<b>92,954</b>

## 15.2 Service segments

Basis of allocation amongst service segments are as follows:

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

### SERVICE SEGMENT RESULT

	September 2013					September 2012				
	Exam	Education	Membership	G.Services	Total	Exam	Education	Membership	G.Services	Total
	----- Rs. 000 -----									
Income										
- from members	-	-	85,044	-	85,044	-	-	73,251	-	73,251
- from students	83,862	11,257	-	-	95,119	81,822	8,967	-	-	90,789
- others	-	-	-	5,415	5,415	-	-	-	1,886	1,886
Total income	83,862	11,257	85,044	5,415	185,578	81,822	8,967	73,251	1,886	165,926
Less: Expenditure - note 15.2.1	42,014	10,603	25,039	33,157	110,813	38,870	6,928	19,323	27,833	92,954
	<u>41,848</u>	<u>654</u>	<u>60,005</u>	<u>(27,743)</u>	<u>74,765</u>	<u>42,952</u>	<u>2,039</u>	<u>53,928</u>	<u>(25,947)</u>	<u>72,972</u>
Finance Income and Surplus on re-measurement of investments available for sale					10,930					9,964
Excess of Income over expenditure					<u>85,695</u>					<u>82,936</u>
	----- Rs. 000 -----									
Other Information										
	September 2013					June 2013				
	----- Rs. 000 -----									
Segments assets employed	46,863	21,716	32,150	135,769	236,499	44,960	21,746	29,903	115,156	211,765
Unallocated assets					489,126					424,809
Total assets					<u>716,551</u>					<u>636,574</u>
Segments liabilities employed	19,402	1,530	10,029	20,728	51,689	19,292	2,178	21,478	14,459	57,407
Unallocated liabilities					-					-
Total liabilities					<u>51,689</u>					<u>57,407</u>
Capital expenditure incurred during the quarter / year	72	334	3,731	4,490	8,627	3,647	2,297	7,032	22,897	35,873

### 15.2.1

Expenditure	September 2013					September 2012				
	Exam	Education	Membership	G.Services	Total	Exam	Education	Membership	G.Services	Total
	----- Rs. 000 -----									
Salaries, allowances, and other benefits	13,846	3,461	11,761	16,156	45,224	12,370	2,556	7,065	13,725	35,716
Examination charges	19,482	-	-	-	19,482	17,194	-	-	-	17,194
Depreciation	1,628	434	706	2,660	5,428	1,429	286	667	2,381	4,763
Traveling and related expenses	588	250	3,808	154	4,800	512	123	3,689	237	4,561
Publications	-	-	-	2,023	2,023	-	-	-	1,567	1,567
Utilities	1,589	424	689	2,594	5,296	1,504	301	702	2,506	5,013
Postage and telephone	705	188	305	1,151	2,349	604	121	282	1,008	2,015
Repairs and maintenance	1,097	293	475	1,792	3,657	1,440	288	672	2,400	4,800
Printing and stationery	613	558	366	1,520	3,057	738	227	404	889	2,258
Rent, rates and taxes	28	12	31	2,208	2,279	464	93	217	774	1,548
Advertisement and exhibitions	-	2,386	32	191	2,609	-	187	123	81	391
Fee to professional bodies	-	-	574	-	574	-	-	538	-	538
Legal and professional charges	12	-	612	75	699	26	-	703	235	964
Auditors' remuneration	3	1	1	6	11	20	4	9	32	65
Meetings and related expenses	-	-	-	471	471	-	-	-	241	241
Books and publications	33	3	42	43	121	13	3	19	108	143
Conveyance	-	-	-	52	52	-	-	-	63	63
Staff refreshment expenses	206	20	15	266	507	100	12	11	242	365
Bank charges	511	69	519	33	1,132	497	55	445	11	1,008
Zakat	395	53	401	26	875	382	42	342	8	774
Insurance	119	53	120	188	480	105	20	80	149	354
Vehicle maintenance and running cost	591	299	695	456	2,041	471	100	476	414	1,461
Amortization of intangible assets	18	5	8	28	59	24	5	11	39	79
Gold medals and award ceremony	106	-	-	-	106	558	-	-	-	558
Entrance tests conducting charges	70	-	-	-	70	59	-	-	-	59
Training expenses	28	-	401	30	459	30	20	1	70	121
Financial assistance to students	-	2,002	-	-	2,002	-	1,919	-	-	1,919
Online Education & Research Facility (PERN 2)	166	44	72	273	555	165	33	77	277	552
Loss on sale of operating fixed assets	-	-	-	191	191	-	-	-	-	-
Financial assistance to the members and families	-	-	2,121	-	2,121	-	-	1,923	-	1,923
Honoraria to article writer	-	-	-	165	165	-	-	-	99	99
Sports and recreation	75	20	33	123	251	9	2	4	17	32
Director's Training Programme	-	-	-	-	-	-	500	-	-	500
Balance written off	-	-	-	114	114	-	-	-	-	-
Net deficit from seminar & conferences	-	-	1,207	-	1,207	-	-	790	-	790
Sundry expenses	104	28	45	169	346	156	31	73	260	520
<b>Total expenditure</b>	<b>42,014</b>	<b>10,603</b>	<b>25,039</b>	<b>33,157</b>	<b>110,813</b>	<b>38,870</b>	<b>6,928</b>	<b>19,323</b>	<b>27,833</b>	<b>92,954</b>



## 16 CORRESPONDING FIGURE

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

<b>Balance Sheet</b>		<b>June 30, 2013</b>
<b>From:</b>	<b>To:</b>	<b><u>Rupees in '000</u></b>
Property, plant and equipment	Intangibles	3,160

  

<b>Statement of Comprehensive Income</b>		<b>Quarter ended</b>
<b>From:</b>	<b>To:</b>	<b><u>Sep. 30, 2012</u></b>
		<b><u>Rupees in '000</u></b>
Other Income	Net loss from Seminar & Conferences	790
Entertainment (meeting expenses)	Meetings and related expenses	98
Annual general meeting	Meetings and related expenses	142
Bank charges	Zakat	774

## 17 DATE OF AUTHORIZATION FOR ISSUE

The Council of the Institute authorized these condensed interim financial statements for issue on October 24, 2013.

**SECRETARY**

**PRESIDENT**