



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

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014  
(UN-AUDITED)**

## **REPORT OF THE COUNCIL FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

The Council of the Institute is pleased to present the interim financial statements for the first quarter ended September 30, 2014.

### **Financial Review**

The Institute achieved surplus of Rs. 129.95 million for the period (2013: Rs. 85.69 million). Total revenue and other income rose by 44% from Rs. 196.51 to Rs. 282.56 million. Expenditure increased by 38% from Rs. 110.81 to Rs. 152.61 million mainly on account of expenditure related to holding of computer based examinations, distribution of study packs, salaries, repair and maintenance during the period under review.

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

The broad strategic priorities identified include areas such as implementation of education and examination reforms 2013, improving the governance within ICAP, extending ICAP's geographical coverage, enhancing public trust in audit, working with the government in public interest and building international collaborations, covered at length in the Annual Report, 2014 of the Institute along with the action plan for each objective. A brief synopsis of the work done on some of the high priority areas is given below:

#### **Education and Examinations**

The Institute successfully conducted the first examinations under the new education and examination scheme for Assessment of Fundamental Competencies and Certificate in Accounting and Finance stages. For the first time in ICAP history, papers of four subjects of Assessment of Fundamental Competencies stage were conducted through Computer Based Examinations. 10,403 students appeared for AFC stage Computer Based Examinations.

The work on revision in Training regulations is going smoothly and after finalization by the Task Force these would be exposed to the firms and other stake holders before final approval by the Council. In addition, a special Task force is working to formalize regulations for the Industrial training which will be submitted for the final approval of the Council.

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

Amendments in the Bye-laws to change the composition of the Investigation Committee with an objective to enhance the independence and transparency in the investigation process are in the process of gazette publication. The copy of the gazette notification will be circulated to the members for comments as soon as the same is received.

The Task Force formed for amendment in the Chartered Accountants Ordinance has completed its work and submitted its report to the Council. The Council is working to finalize the proposed recommendations in the Chartered Accountants Ordinance through its Task Force to expedite the

process. We are confident that the work will be completed by the end of this year for onward submission to the Government.

A Task Force of the Council is working diligently to formalize its recommendations on conditions for practice license requirements, practice reviews framework and public practice program. The matter is under discussion at the Council level and is expected to be finalized by the end of this year.

The draft Governance Manual was formulated to ensure transparency, efficiency and effectiveness of the Institute's operations is under discussion of the Council.

The IT Committee of the Institute is working to formulate the IT Strategy of the Institute with an objective to use IT in each and every sphere of Institutes activities with an objective to provide facilities to the students, members and other stakeholders with the best use of IT infrastructure.

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

The conference on Public Financial Management has been rescheduled to take place on November 24 and 25, 2014 at the Serena Hotel, Islamabad. High quality speakers both within and outside Pakistan are expected to address the audience on this very important subject of public interest. An MOU with CIPFA (The Chartered Institute of Public Finance & Accountancy) is also planned to be signed at the plenary session of the conference.

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**

**Khalid Rahman**

Secretary /COO

Karachi, November 01, 2014

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN  
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT SEPTEMBER 30, 2014**

	Note	September 30, 2014 Un-audited ----- Rupees in '000 -----	June 30, 2014 Audited
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	241,671	225,038
Intangible assets	6	15,995	17,805
Long term investments	7	361,456	134,236
Loans, advances and deposits		7,544	7,334
		<u>626,666</u>	<u>384,413</u>
<b>CURRENT ASSETS</b>			
Stock of study packs, publications and souvenirs	8	13,358	11,829
Short term investments	9	169,197	280,040
Loans, advances, prepayments and other receivables		29,121	21,728
Cash and bank balances		24,700	45,841
		236,376	359,438
<b>CURRENT LIABILITIES</b>			
Creditors, accrued expenses and other liabilities		61,889	44,770
Fees received in advance		31,519	59,400
		93,408	104,170
<b>NET CURRENT ASSETS</b>		<b>142,968</b>	<b>255,268</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
		<u>769,634</u>	<u>639,681</u>
<b>REPRESENTED BY:</b>			
General Fund		569,040	452,199
Specific Fund		3,515	3,520
Endowment Funds		72,693	71,046
Funds of Regional Committees		39,194	35,894
Benevolent Fund		85,192	77,022
		<u>769,634</u>	<u>639,681</u>

The annexed notes from 1 to 19 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, 2014**

		<b>First Quarter Ended</b>	
		<b>September 30, 2014</b>	<b>September 30, 2013</b>
		<b>Un-audited</b>	<b>Un-audited</b>
		---- Rupees in '000 ----	
<b>Income</b>			
Members' subscription		<b>96,298</b>	85,044
Examination and other fees		<b>143,123</b>	83,862
Education and training fees		<b>25,484</b>	11,257
Publications		<b>1,170</b>	2,024
Other operating income	11	<b>1,973</b>	3,391
		<b>268,048</b>	185,578
<b>Expenditure</b>			
Salaries, allowances and other benefits	12	<b>53,314</b>	45,224
Examination charges		<b>30,775</b>	19,482
Depreciation		<b>6,803</b>	5,428
Traveling and related expenses		<b>5,331</b>	4,800
Study packs and other publications	13	<b>10,391</b>	2,023
Utilities		<b>5,509</b>	5,296
Postage and telephone		<b>2,858</b>	2,349
Repairs and maintenance		<b>8,748</b>	3,657
Printing and stationery		<b>3,611</b>	3,164
Rent, rates and taxes		<b>2,936</b>	2,279
Advertisement and exhibitions		<b>3,758</b>	2,609
Amortisation of intangible assets		<b>1,810</b>	59
Financial assistance to students		<b>13</b>	2,002
Financial assistance by benevolent fund		<b>3,173</b>	2,121
Vehicles maintenance and running cost		<b>2,248</b>	2,041
Legal and professional charges		<b>919</b>	699
Others	14	<b>10,410</b>	7,580
		<b>152,607</b>	110,813
<b>Excess of income over expenditure before finance income</b>		<b>115,441</b>	74,765
Finance income		<b>14,288</b>	10,918
<b>Excess of income over expenditure for the period</b>		<b>129,729</b>	85,683
<b>Other comprehensive income</b>			
Surplus on re-measurement of investments - available for sale		<b>224</b>	12
<b>Total comprehensive excess of income over expenditure for the period</b>		<b>129,953</b>	85,695
<b>Attributable to</b>			
- General Fund		<b>116,841</b>	75,026
- Specific Fund		<b>(5)</b>	17
- Endowment Funds		<b>1,647</b>	(672)
- Funds of Regional Committees		<b>3,300</b>	2,301
- Benevolent Fund		<b>8,170</b>	9,023
		<b>129,953</b>	85,695

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

**SECRETARY**

**PRESIDENT**

**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN  
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

	<b>First quarter ended</b>	
	<b>September 30, 2014</b>	<b>September 30, 2013</b>
	----- Rupees in '000 -----	
<b>Cash flows from operating activities</b>		
<b>Cash received:</b>		
Membership	74,391	69,876
Examinations	131,802	78,444
Training	25,484	11,257
Publications	1,311	2,239
Facilities and miscellaneous	6,062	7,192
	<b>239,050</b>	<b>169,008</b>
<b>Cash paid:</b>		
Employees	56,057	46,862
Professional bodies	757	574
Property tax	875	860
Suppliers and vendors	77,829	49,822
	<b>135,518</b>	<b>98,118</b>
<b>Net cash generated from operating activities</b>	<b>103,532</b>	<b>70,890</b>
<b>Cash flows from investing activities</b>		
Investments - net	(270,672)	(143,858)
Fixed capital expenditure	(23,507)	(12,651)
Purchase of intangible assets	-	(5,914)
Proceeds from sale of operating fixed assets	35	729
Income received from investments	24,855	29,173
Loans and deposits recovered	95	416
Loans and deposits paid	(3,958)	(70)
<b>Net cash used in investing activities</b>	<b>(273,152)</b>	<b>(132,175)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(169,620)</b>	<b>(61,285)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>200,186</b>	<b>191,839</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>30,566</b>	<b>130,554</b>

Note

15

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

**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, 2014

General Fund	Specific Fund	Endowment Funds			Funds of Regional Committees				Benevolent Fund			Total	
		Prize Fund	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 '000 -----													
<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>
<b>Total comprehensive income for the period ended September 30, 2013</b>													
Excess of income over expenditure for the year	<b>75,026</b>	<b>17</b>	(742)	70	<b>(672)</b>	1,249	3	1,049	<b>2,301</b>	9,011	-	<b>9,011</b>	<b>85,683</b>
Other comprehensive income	-	-	-	-	-	-	-	-	-	12	-	<b>12</b>	<b>12</b>
	<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>
<b>Balance as at July 01, 2014</b>	<b>452,199</b>	<b>3,520</b>	64,414	6,632	<b>71,046</b>	23,171	137	12,586	<b>35,894</b>	76,183	839	<b>77,022</b>	<b>639,681</b>
<b>Total comprehensive income for the period ended September 30, 2014</b>													
Excess of income over expenditure for the year	<b>116,841</b>	<b>(5)</b>	1,542	105	<b>1,647</b>	1,668	2	1,630	<b>3,300</b>	7,946	-	<b>7,946</b>	<b>129,729</b>
Other comprehensive income	-	-	-	-	-	-	-	-	-	224	-	<b>224</b>	<b>224</b>
	<b>116,841</b>	<b>(5)</b>	1,542	105	<b>1,647</b>	1,668	2	1,630	<b>3,300</b>	8,170	-	<b>8,170</b>	<b>129,953</b>
<b>Balance as at September 30, 2014</b>	<b>569,040</b>	<b>3,515</b>	65,956	6,737	<b>72,693</b>	24,839	139	14,216	<b>39,194</b>	84,353	839	<b>85,192</b>	<b>769,634</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, 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 (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 contributions 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 three months period ended September 30, 2014 has been prepared in accordance with the requirements of the International Accounting Standard 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 International Accounting Standards 34 "Interim Financial Reporting". This does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the 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 first quarter ended September 30, 2013.



## 2.2 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 value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

## 2.3 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 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 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 new standards, amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 01, 2014 are either considered not to be relevant or to have insignificant effect on the Institute's operations and therefore, are not detailed in this condensed interim financial information.

## 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

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 judgment in the process of applying the Institute's accounting policies. Estimates and judgments 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 judgments 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.

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited	
		----- Rupees in '000 -----		
5	<b>PROPERTY, PLANT AND EQUIPMENT</b>	Note		
	Operating fixed assets	5.1	229,541	203,371
	Leasehold land - Preedy Street, Karachi	5.2	18	18
	Capital work in progress		12,112	21,649
			<b>241,671</b>	<b>225,038</b>

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
	Note	----- Rupees in '000 -----	
<b>5.1 Operating fixed assets</b>			
Opening net book value		<b>203,371</b>	180,215
Additions during the period	5.1.1	<b>33,044</b>	50,908
		<b>236,415</b>	231,123
<b>Less:</b>			
Disposals and adjustment during the period/year	5.1.2	<b>(71)</b>	(2,529)
Written off during the period/year		-	(170)
Depreciation charge for the period/year		<b>(6,803)</b>	(25,053)
		<b>(6,874)</b>	(27,752)
Closing net book value		<b>229,541</b>	203,371
<b>5.1.1 Additions during the period / year are as follows:</b>			
Buildings on leasehold land		<b>4,222</b>	1,802
Buildings on freehold land		<b>5,500</b>	1,898
Generator		-	3,048
Electric fittings, air conditioners and appliances		<b>4,811</b>	13,235
Furniture and fixtures		<b>12,092</b>	8,679
Vehicles		-	9,093
Office equipment		<b>6,419</b>	13,153
		<b>33,044</b>	50,908
<b>5.1.2 Disposals during the period / year are as follows:</b>			
at net book value			
- Building on freehold land		-	(32)
- Electric fittings, air conditioners and appliances		-	(145)
- Furniture and fixtures		-	(106)
- Vehicles		-	(1,831)
- Office equipment		<b>(71)</b>	(415)
		<b>(71)</b>	(2,529)
<b>5.1.3 Written off during the period / year are as follows:</b>			
at net book value			
- Electric fittings, air conditioners and appliances		-	(2)
- Furniture and fixtures		-	(94)
- Office equipment		-	(74)
		-	(170)

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

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
		----- Rupees in '000 -----	
<b>6 INTANGIBLE ASSETS</b>	Note		
- Development cost of Study Packs	6.1	<b>21,114</b>	21,114
- Computer softwares		<b>3,484</b>	3,484
		<b>24,598</b>	24,598
Less: Accumulated amortisation		<b>(8,603)</b>	(6,793)
		<b>15,995</b>	17,805

6.1 This represents cost incurred on development and review of new study materials being amortised over a period of three years commencing from January 01, 2014.

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
		----- Rupees in '000 -----	
<b>7 LONG TERM INVESTMENTS</b>	Note		
<i>Held to maturity</i>			
General Fund	7.1	<b>304,772</b>	57,750
Specific Fund: Prize Fund	7.2	<b>490</b>	489
Endowment Funds	7.3	<b>38,407</b>	28,481
Southern Regional Committee	7.4	<b>13,859</b>	13,613
Benevolent Fund	7.5	<b>3,928</b>	33,903
		<b>361,456</b>	134,236

**7.1 General Fund**

Pakistan Investment Bonds	7.1.1	<b>304,772</b>	57,750
---------------------------	-------	----------------	--------

7.1.1 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 311.82 million (June 30, 2014: 58.38 million). Profit is receivable on half yearly basis with yield at the rates ranging from 11.85% to 12.47% (June 30, 2014: 11.75% to 12.03%) per annum. These PIBs have term of three years and are maturing in July 2017.

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
		----- Rupees in '000 -----	
<b>7.2 Specific Fund: Prize Fund</b>	Note		
Pakistan Investment Bonds	7.2.1	<b>490</b>	489

7.2.1 This represents investment in a Pakistan Investment Bonds (PIBs) having face value of Rs. 0.49 million (June 30, 2014: 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.

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
		----- Rupees in '000 -----	
<b>7.3 Endowment Funds</b>	Note		
<b>Students' Endowment Fund</b>			
Pakistan Investment Bonds	7.3.1	<b>33,511</b>	25,566
<b>Libraries Development Fund</b>			
Pakistan Investment Bonds	7.3.2	<b>4,896</b>	2,915
		<b>38,407</b>	28,481

7.3.1 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 33.90 million (June 30, 2014: 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 in July 2017.

7.3.2 This represents investment in PIBs having aggregate face value of Rs. 4.98 million (June 30, 2014: 2.92 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 in July 2017.

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
		----- Rupees in '000 -----	
<b>7.4 Southern Regional Committee</b>	Note		
<i>Certificate of Islamic Investments</i>			
Accumulated Fund	7.4.1	<b>13,719</b>	13,476
H.J. Irani Memorial Fund	7.4.2	<b>140</b>	137
		<b>13,859</b>	13,613

7.4.1 These represent Certificates of Islamic Investments of a bank costing Rs. 13.48 million (June 30, 2014: Rs. 13.47 million). These certificates carry expected mark-up at the rates ranging between 8.74% and 9.00% (June 30, 2014: 7.54% and 9.06%) per annum and are maturing on various dates latest by June 30, 2019. Accrued mark-up aggregating to Rs. 0.24 million (June 30, 2014: Rs. 0.003 million) is included in the carrying value.

7.4.2 This represents a Certificate of Islamic Investment of a bank costing Rs. 0.12 million (June 30, 2014: Rs. 0.12 million). This certificate carries expected mark-up at the rates ranging between 7.88% and 8.05% (June 30, 2014: 7.88% and 8.05%) and is maturing on October 31, 2015. Accrued profit aggregating to Rs 0.002 million (June 30, 2014: Rs. 0.002 million) is included in the carrying value.

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
		----- Rupees in '000 -----	
<b>7.5 Benevolent Fund</b>	Note		
Defence Saving Certificates	7.5.1	<b>3,928</b>	3,820
Special Saving Certificates		-	30,083
		<b>3,928</b>	33,903

7.5.1 This represents investment in Defence Savings Certificates, having an 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 12.15% (June 30, 2014: 12.15%) per annum. Accrued profit aggregating to Rs. 1.93 million (June 30, 2014: Rs. 1.82 million) is included in the carrying value.

		<b>September 30, 2014</b>	June 30, 2014
		<b>Un-audited</b>	Audited
		----- Rupees in '000 -----	
8	<b>STOCK OF STUDY PACKS, PUBLICATIONS AND SOUVENIRS</b>	Note	
	Stock of study packs	9,460	7,473
	Stock of publications and souvenirs	3,898	4,356
		<u>13,358</u>	<u>11,829</u>

9 **SHORT TERM INVESTMENTS**

*Held to maturity*

General Fund	9.1	53,670	186,191
Specific Fund	9.2	2,758	2,729
Endowment Funds	9.3	22,807	33,323
Southern Regional Committee	9.4	6,563	6,520
Northern Regional Committee	9.5	9,338	9,144
Benevolent Fund	9.6	70,167	38,463
		<b>165,303</b>	276,370

*Available for sale*

Benevolent Fund	9.6	3,894	3,670
		<u>169,197</u>	<u>280,040</u>

9.1 **General Fund**

*Held to maturity*

Term Deposit Receipts	9.1.1	53,670	186,191
-----------------------	-------	--------	---------

9.1.1 This represents investment in Term Deposit Receipts (TDRs) of financial institutions, having an aggregate face value of Rs. 50.00 million (June 30, 2014: Rs 175.00 million ). These TDRs carry mark-up at the rates of 9.85% (June 30, 2014: 8.70% to 9.85%) per annum and are maturing on various dates upto January 2015. Accrued mark-up aggregating to Rs. 3.67 million (June 30, 2014: Rs. 11.19 million) is included in the carrying value.

		<b>September 30, 2014</b>	June 30, 2014
		<b>Un-audited</b>	Audited
		----- Rupees in '000 -----	
9.2	<b>Specific Fund</b>	Note	

*Held to maturity*

Term Deposit Receipts	9.2.1	2,758	2,729
-----------------------	-------	-------	-------

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 are maturing on various dates latest by April 2015. These carry mark-up at the rates ranging between 9.00% and 12.00% (June 30, 2014: 9.00% and 12.00%) per annum. Accrued mark-up aggregating to Rs. 0.058 million (June 30, 2014: Rs. 0.029 million) is included in the carrying value.

		<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
9.3	<b>Endowment Funds</b>	----- Rupees in '000 -----	----- Rupees in '000 -----
	<b>Students' Endowment Fund</b>		
	Held to maturity		
	Term Deposit Receipts	9.3.1 <b>22,807</b>	31,165
	<b>Libraries Development Fund</b>		
	Held to maturity		
	Term Deposit Receipts	-	2,158
		<u><b>22,807</b></u>	<u>33,323</u>
9.3.1	These 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. 0.81 million (June 30, 2014: Rs. 1.17 million) is included in the carrying value.		
9.4	<b>Southern Regional Committee</b>	----- Rupees in '000 -----	----- Rupees in '000 -----
	Certificate of Islamic Investments		
	Accumulated Fund	9.4.1 <u><b>6,563</b></u>	<u>6,520</u>
9.4.1	This represents placements in Certificates of Islamic Investment, issued by a financial institution aggregating to Rs. 6.0 million (June 30, 2014: Rs. 6.00 million). These certificates carry markup at rates ranging between 7.36% and 7.58% (June 30, 2014: 7.36% and 7.58%) per annum maturing at various dates upto June 30, 2015. Accrued mark-up aggregating to Rs. 0.56 million (June 30, 2014: Rs. 0.51 million) is included in the carrying value.		
9.5	<b>Northern Regional Committee</b>	----- Rupees in '000 -----	----- Rupees in '000 -----
	Islamic certificates	9.5.1 <u><b>9,338</b></u>	<u>9,144</u>
9.5.1	This represents investment in Islamic Certificates placed with a bank, having an aggregate face value of Rs. 9.00 million (June 30, 2014: Rs 9.00 million). These certificates have been placed for a term of one year and are maturing on April 23, 2015 and carry expected profit at the rate of 8.58% (June 30, 2014: 8.83%) per annum. Accrued profit aggregating to Rs. 0.34 million (June 30, 2014: Rs. 0.14 million) is included in the carrying value.		
9.6	<b>Benevolent Fund</b>	----- Rupees in '000 -----	----- Rupees in '000 -----
	<b>Held to maturity</b>		
	Treasury Bills	9.6.1 <u><b>14,278</b></u>	<u>14,154</u>
	Special Saving Certificates	9.6.2 <u><b>55,889</b></u>	<u>24,309</u>
		<u><b>70,167</b></u>	<u>38,463</u>
	<b>Available for sale</b>		
	Investments in listed securities - Equity shares	9.6.3 <u><b>3,894</b></u>	<u>3,670</u>
		<u><b>74,061</b></u>	<u>42,133</u>

- 9.6.1 This represents investment in Treasury Bills, issued by the State Bank of Pakistan costing Rs. 14.06 million (June 30, 2014: Rs. 13.81 million). These bills carry mark-up at rate of 9.98% (June 30, 2014: 9.80%) per annum maturing on various dates upto March 18, 2015. Accrued mark-up aggregating to Rs. 0.22 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: 18.90). 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. 13.05 million (June 30, 2014: 5.41) is included in the carrying value.

	<b>September 30, 2014 Un-audited</b>	June 30, 2014 Audited
	----- Rupees in '000 -----	
<b>9.6.3 Investments in listed securities - Equity shares</b>		
<i>Hub Power Co. Ltd.</i>		
As on July 01	2,350	2,466
Surplus / (deficit) on re-measurement	210	(116)
Market value of 40,000 ordinary shares	2,560	2,350
<i>Fauji Fertilizer Co. Ltd.</i>		
As on July 01	1,320	1,264
Surplus on re-measurement	14	56
Market value of 11,767 shares	1,334	1,320
	3,894	3,670

## 10 CONTINGENCIES AND COMMITMENTS

- 10.1 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 Honorable 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 Honorable Supreme Court of Pakistan, therefore, no provision has been made in these financial statements 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 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 Honorable Lahore High Court against the aforementioned order in addition to appeal filed before Competition Appellate Tribunal. The Honorable 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 favorable outcome of the legal proceedings, therefore no provision has been made in these financial statements relating to the above-referred penalty.
- 10.3 Commitments in respect of capital expenditure as at reporting date amounted to Rs. 8.3 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. 7.99 million (June 30, 2014: Rs. 8.07 million).

		<b>First Quarter Ended</b>	
		<b>September 30, 2014</b>	September 30, 2013
		<b>Un-audited</b>	Un-audited
		---- Rupees in '000 ----	
<b>11</b>	<b>OTHER OPERATING INCOME</b>		
	Income derived from utilization of facilities	<b>804</b>	339
	Surplus on Directors' Training Programs	<b>1,011</b>	2,719
	Miscellaneous income	<b>158</b>	333
		<b>1,973</b>	<b>3,391</b>
<b>11.1</b>	<b>Net income from Directors' training programme</b>		
	Fee received for training	<b>2,430</b>	6,219
	Less: expenses incurred on training	<b>(1,419)</b>	(3,500)
		<b>1,011</b>	<b>2,719</b>
<b>12</b>	<b>SALARIES, ALLOWANCES AND OTHER BENEFITS</b>		
	Salaries and allowances	<b>50,017</b>	42,623
	Employees' health insurance	<b>838</b>	480
	Defined contribution plan - Provident fund	<b>2,459</b>	2,121
		<b>53,314</b>	<b>45,224</b>
<b>13</b>	<b>STUDY PACKS AND OTHER PUBLICATIONS</b>		
	Study packs:		
	Cost of publication of study packs	<b>18,217</b>	-
	Less: Closing stock	<b>(9,460)</b>	-
		<b>8,757</b>	-
	Other publications	<b>1,634</b>	2,023
		<b>10,391</b>	<b>2,023</b>
<b>14</b>	<b>OTHERS</b>		
	Fees to professional bodies	<b>757</b>	574
	Consultancy charges	<b>2,200</b>	-
	Auditors' remuneration	<b>180</b>	11
	Meetings and related expenses	<b>680</b>	364
	Books and publications	<b>113</b>	121
	Conveyance	<b>61</b>	52
	Staff refreshment expenses	<b>495</b>	507
	Bank charges	<b>1,740</b>	1,132
	Zakat	<b>-</b>	875
	Insurance	<b>471</b>	480
	Gold medals and award ceremony	<b>98</b>	106
	Entrance test conducting charges	<b>-</b>	70
	Training expenses	<b>185</b>	459
	Online Education and Research Facility (PERN-2)	<b>544</b>	555
	Chartered Accountants talent program	<b>210</b>	-
	Loss on sale of operating fixed assets	<b>35</b>	191
	Honoraria to article writers	<b>175</b>	165
	Sports and recreation	<b>228</b>	251
	Bad debts	<b>-</b>	114
	Net deficit from seminar & conferences	<b>1,235</b>	1,207
	Sundry expenses	<b>1,003</b>	346
		<b>10,410</b>	<b>7,580</b>



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

14.2 **Net deficit from seminar & conferences**

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

	<b>First Quarter Ended</b>	
	<b>September 30, 2014</b>	September 30, 2013
	<b>Un-audited</b>	Un-audited
	---- Rupees in '000 ----	
Contributions from members, sponsors and others	<b>899</b>	372
Less: expenses incurred	<b>(2,134)</b>	(1,579)
	<b><u>(1,235)</u></b>	<u>(1,207)</u>

15 **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 following amounts:

	<b>September 30, 2014</b>	September 30, 2013
	<b>Un-audited</b>	Un-audited
	----- Rupees in '000 -----	
Cash and bank balances	<b>24,700</b>	39,264
Short term investments realizable within three months	<b>5,866</b>	91,290
	<b><u>30,566</u></b>	<u>130,554</u>

16 **TRANSACTIONS WITH RELATED PARTIES**

16.1 **Significant transactions with related parties are as follows:**

<b>Relationship with the Institute</b>	<b>Nature of transactions</b>	<b>Sep-30, 2014</b>	Sep-30, 2013
		----- Rupees in '000 -----	
(i) Staff retirement benefit plans :	Contribution paid to Provident Fund	<b>2,459</b>	2,121
(ii) Key management personnel :			
- Secretary/COO & Directors	- Managerial remuneration	<b>11,605</b>	8,768
	- Reimbursement of expenses	<b>687</b>	7
(iii) Members of the Council	- Membership fee received	<b>756</b>	416
	- Reimbursement of expenses	<b>1,599</b>	258

16.2 **Period/year end balances**

<b>Relationship with the Institute</b>	<b>Nature of transactions</b>	<b>Sep-30, 2014</b>	June 30, 2014
		----- Rupees in '000 -----	
(i) Key management personnel :			
- Secretary/COO & Directors	Loans, advances, prepayments and other receivables	<b>19</b>	247
	Creditors, accrued expenses and other liabilities	<b>131</b>	131
(ii) Members of the Council	Loans, advances, prepayments and other receivables	<b>96</b>	-
	Creditors, accrued expenses and other liabilities	<b>204</b>	1,434

## 17 SEGMENT INFORMATION

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

### (a) Service segments:

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

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

### (b) Geographical segments:

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

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

## 17.1 Service segments

### 17.1.1 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.

### 17.1.2 Segment revenue and results

	September 2014					September 2013				
	Exam	Education	Membership	General Services	Total	Exam	Education	Membership	General Services	Total
	Rs. '000									
Income	-	-	96,298	-	96,298	-	-	85,044	-	85,044
- from members	143,123	25,484	-	-	168,607	83,862	11,257	-	-	95,119
- from students	-	-	-	3,143	3,143	-	-	-	5,415	5,415
- others	-	-	-	-	-	-	-	-	-	-
Total income	143,123	25,484	96,298	3,143	268,048	83,862	11,257	85,044	5,415	185,578
Less: Expenditure - note 17.1.2	58,540	25,525	26,448	42,094	152,607	41,676	14,599	22,637	31,901	110,813
					115,441					74,765
Finance Income and Surplus on re-measurement of investments available for sale					14,512					10,930
Excess of income over expenditure					129,953					85,695

### 17.1.2

Expenditure	September 2014					September 2013				
	Exam	Education	Membership	General Services	Total	Exam	Education	Membership	General Services	Total
	Rs. '000									
Salary, allowance, and other benefits	16,898	7,168	14,125	15,123	53,314	14,330	4,900	12,183	13,811	45,224
Examination charges	30,775	-	-	-	30,775	19,482	-	-	-	19,482
Depreciation	1,836	816	1,020	3,131	6,803	1,574	596	920	2,338	5,428
Traveling & related expenses	1,106	105	3,893	227	5,331	587	250	3,378	585	4,800
Study packs and other publications	-	10,391	-	-	10,391	-	2,023	-	-	2,023
Utilities	1,487	661	828	2,533	5,509	1,536	583	901	2,276	5,296
Postage and telephone	772	343	429	1,314	2,858	681	258	398	1,012	2,349
Repair and maintenance	2,362	1,050	1,311	4,025	8,748	1,061	402	622	1,572	3,657
Printing and stationery	726	336	260	2,289	3,611	613	557	301	1,693	3,164
Rent, rates and taxes	12	4	18	2,902	2,936	28	13	31	2,207	2,279
Advertisement and exhibitions	-	3,399	98	261	3,758	-	2,386	31	192	2,609
Amortisation of intangible assets	488	217	272	833	1,810	17	6	10	26	59
Financial assistance to students	-	13	-	-	13	-	2,002	-	-	2,002
Financial assistance by benevolent fund	-	-	-	3,173	3,173	-	-	-	2,121	2,121
Vehicle maintenance and running cost	619	302	708	619	2,248	591	299	695	456	2,041
Legal & professional charges	12	-	803	104	919	12	-	612	75	699
Others	1,447	720	2,683	5,560	10,410	1,164	324	2,555	3,537	7,580
<b>Total Expenditures</b>	<b>58,540</b>	<b>25,525</b>	<b>26,448</b>	<b>42,094</b>	<b>152,607</b>	<b>41,676</b>	<b>14,599</b>	<b>22,637</b>	<b>31,901</b>	<b>110,813</b>

### 17.1.3 Other Information

	September 2014					June 2014				
	Exam	Education	Membership	General Services	Total	Exam	Education	Membership	General Services	Total
	Rs. '000									
Segments assets employed	24,909	33,848	28,779	204,158	291,694	23,788	23,455	23,774	194,911	265,928
Unallocated assets					571,348					477,923
Total assets					863,042					743,851
Segments liabilities employed	34,937	3,260	27,650	27,561	93,408	38,987	3,635	30,873	30,675	104,170
Total liabilities					93,408					104,170

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.

## 17.2 Geographical segments:

### 17.2.1 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 at each geographical segment.

#### 17.2.2 Segment revenue and results

	September 2014					September 2013				
	Karachi	Lahore	Islamabad & Rawalpindi	Others	Total	Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
Income	-----Rs. 000-----									
- from members	40,719	18,482	9,248	27,849	96,298	36,032	16,477	8,009	24,526	85,044
- from students	49,657	60,355	31,493	27,102	168,607	30,467	32,732	17,193	14,727	95,119
- other general services - unallocated	-	-	-	-	3,143	-	-	-	-	5,415
	90,376	78,837	40,741	54,951	268,048	66,499	49,209	25,202	39,253	185,578
Allocated expenditure - Members and Students	32,884	31,449	16,301	19,488	100,122	26,968	23,055	11,938	14,928	76,889
Unallocated expenditure - General Services	-	-	-	-	52,485	-	-	-	-	33,924
Total expenditure (17.2.3)	32,884	31,449	16,301	19,488	152,607	26,968	23,055	11,938	14,928	110,813
					115,441					74,765
Finance Income and Surplus on re-measurement of investments available for sale					14,512					10,930
Excess of income over expenditure					129,953					85,695

#### 17.2.3

Expenditure	September 2014					September 2013				
	Karachi	Lahore	Islamabad & Rawalpindi	Others	Total	Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
	-----Rs. 000-----									
Salaries, allowances and other benefits	43,989	5,978	2,408	939	53,314	37,282	5,002	2,089	851	45,224
Examination charges	18,416	6,498	1,185	4,676	30,775	2,577	2,907	1,521	12,477	19,482
Depreciation	4,862	1,159	397	385	6,803	3,640	962	450	376	5,428
Traveling and related expenses	3,305	1,750	193	83	5,331	3,521	889	197	193	4,800
Study packs and other publications	3,610	3,810	2,047	924	10,391	1,567	253	137	66	2,023
Utilities	2,779	1,395	703	632	5,509	3,186	825	693	592	5,296
Postage and telephone	1,748	424	310	376	2,858	1,573	392	257	127	2,349
Repairs and maintenance	3,385	3,760	881	722	8,748	1,621	897	574	565	3,657
Printing and stationery	3,340	199	53	19	3,611	2,798	288	43	35	3,164
Rent, rates and taxes	951	748	89	1,148	2,936	915	306	42	1,016	2,279
Advertisement and exhibitions	780	2,707	101	170	3,758	325	2,150	89	45	2,609
Amortisation of intangible assets	1,810	-	-	-	1,810	59	-	-	-	59
Financial assistance to students	13	-	-	-	13	388	1,035	384	195	2,002
Financial assistance by benevolent fund	1,497	1,254	263	159	3,173	959	812	218	132	2,121
Vehicles maintenance and running cost	1,922	234	92	-	2,248	1,687	283	71	-	2,041
Legal and professional charges	919	-	-	-	919	699	-	-	-	699
Others	8,445	1,143	552	270	10,410	5,559	1,421	503	97	7,580
<b>Expenditure - as and when incurred</b>	101,771	31,059	9,274	10,503	152,607	68,356	18,422	7,268	16,767	110,813
Inter-segment allocation / transfer to unallocated	(68,887)	390	7,027	8,985	(52,485)	(41,388)	4,633	4,670	(1,839)	(33,924)
Allocated expenditure - Members and Students	32,884	31,449	16,301	19,488	100,122	26,968	23,055	11,938	14,928	76,889
Unallocated expenditure - General Services					52,485					33,924
<b>Total expenditure</b>					152,607					110,813

#### 17.2.4 Other Information

	September 2014					June 2014				
	Karachi	Lahore	Islamabad & Rawalpindi	Others	Total	Karachi	Lahore	Islamabad & Rawalpindi	Others	Total
	-----Rs. 000-----									
Segments assets employed	189,600	64,168	20,418	17,508	291,694	173,106	59,426	19,379	14,018	265,929
Unallocated assets					571,348					477,922
Total assets					863,042					743,851
Segments liabilities employed	47,641	13,614	618	2	61,875	34,392	9,826	455	97	44,770
Unallocated liabilities					31,533					59,400
Total liabilities					93,408					104,170

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.

18 **CORRESPONDING FIGURE**

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

<b>Reclassification from component</b>	<b>Reclassification to component</b>	<b>For first quarter ended Sep. 30, 2013 <u>Rupees in '000</u></b>
<b>Statement of Comprehensive Income</b>		
Others	Amortisation of intangible assets	59
Others	Financial assistance to students	2,002
Others	Financial assistance by benevolent fund	2,121
Others	Vehicles maintenance and running cost	2,041
Others	Legal and professional charges	699
Others (Meetings and related expenses)	Printing and stationery	107

19 **DATE OF AUTHORIZATION FOR ISSUE**

The Council of the Institute authorized these condensed interim financial statements for issue on November 01, 2014.

**SECRETARY**

**PRESIDENT**