



The Institute of Chartered Accountants of Pakistan

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015

(UN-AUDITED)

REPORT OF THE COUNCIL FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2015

The Council of the Institute of Chartered Accountants of Pakistan is pleased to present the interim financial statements for the first quarter ended September 30, 2015.

Financial Review

The Institute achieved a surplus of Rs. 149.67 million for the period (2014: Rs. 129.95 million). Total revenue and other income rose by 10% from Rs. 282.56 million to Rs. 311.50 million mainly on account of increase in examination and membership fees. Expenditure increased by 6% from Rs. 152.6 million to Rs. 161.83 million in line with inflation.

Implementation Status of Strategic Priorities

The execution of strategic priorities is on track, in line with action plan reported in the Institute's Annual Report, 2015. A brief synopsis of the progress on some of the high priority areas is given below:

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

The Council has approved the initial draft of the proposed amendments in the Chartered Accountants Ordinance, 1961 which will be circulated to the members to seek input after vetting of the draft by the draftsman.

- ***Education and Examinations***

In line with the revised International Education Standards issued by the International Accounting Education Standards Board (IAESB), the existing training regulations were revised and will include competency-based framework for training. As already informed, the Council has approved training of students outside the practice in industrial or commercial organisations to provide an opportunity to the candidates who wish to continue their careers in such organisations. The draft Bye-laws are under review of the Council in the light of comments and suggestions received by the members.

The Institute conducted fully computer-based AFC Examination for the first time from September 13, 2015 to September 23, 2015 and its result was announced on October 12, 2015. Further, with effect from December 2015, these examinations will be held on quarterly basis.

In order to improve the soft skills of students, the Institute has introduced two compulsory courses on presentation and communication skills of 50 hours each.

- ***Best Corporate and Sustainability Report 2014 Awards Ceremony***

The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) jointly held the Award ceremony for the fifteenth consecutive year on September 4, 2015. The objective of Best Corporate Report (BCR) and Best Sustainability Report (BSR) awards is to give recognition to excellence in corporate and sustainability reporting. The event was largely attended by senior officials of the winning companies including members of both the Institutes and other professionals.

- ***Notification of IFRS for SMEs***

On the recommendation of the ICAP, the Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 929/2015 dated September 10, 2015 has notified the '*International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs)*' and '*Revised Accounting and Financial Reporting Standards for SSEs*' issued by ICAP under Section 234(3) of the Companies Ordinance, 1984.

As the above notification also necessitated appropriate amendments to the Fifth Schedule to the Companies Ordinance, 1984, therefore, in consultation with the ICAP, the SECP vide SRO 928/2015 dated September 10, 2015 has also revised the said Fifth Schedule.

- ***New Faisalabad Office***

To facilitate students and members of Faisalabad and its vicinity, a new ICAP office was inaugurated in Faisalabad.

- ***Local Outreach***

To reach out to potential students a number of counseling sessions were conducted in various cities across Pakistan. In addition, MARCOM team participated in four education expos and career fairs through which more than 4700 students learnt about Chartered Accountancy profession

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

By Order of the Council

Feroz Rizvi

COO/ Secretary

Karachi, November 13, 2015

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2015

		September 30, 2015	June 30, 2015
		Un-audited	Audited
	Note	----- Rupees in '000 -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	228,730	234,680
Intangible assets	6	9,060	10,769
Long term investments	7	544,627	425,768
Loans, advances and deposits		7,746	8,196
		790,163	679,413
CURRENT ASSETS			
Stock of study packs, publications and souvenirs	8	9,185	8,488
Short term investments	9	35,883	95,578
Loans, advances, prepayments and other receivables		24,772	38,280
Cash and bank balances		116,938	36,831
		186,778	179,177
CURRENT LIABILITIES			
Creditors, accrued expenses and other liabilities		48,254	31,419
Fee and charges received in advance		25,208	73,363
		73,462	104,782
NET CURRENT ASSETS		113,316	74,395
CONTINGENCIES AND COMMITMENTS	10		
NET ASSETS		903,479	753,808
REPRESENTED BY:			
General Fund		671,719	555,113
Specific Fund		4,621	4,578
Endowment Funds		87,670	70,566
Regional Committees		42,319	37,936
Benevolent Fund		97,150	85,615
		903,479	753,808

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 FIRST QUARTER ENDED SEPTEMBER 30, 2015

		First quarter ended	
		September 30,	September 30,
		2015	2014
		---- Rupees in '000 ----	
INCOME			
		119,420	96,298
		138,970	143,123
		33,034	25,484
		1,469	1,170
	11	2,640	1,973
		295,533	268,048
EXPENDITURE			
	12	60,415	53,314
		26,299	30,775
		7,348	6,803
		5,472	5,331
		7,896	10,391
		5,817	5,509
		3,133	2,858
		10,149	8,748
		4,636	3,611
		3,638	2,936
		4,574	3,758
		1,809	1,810
		4,742	13
		3,824	3,173
		1,588	2,248
		2,012	3,119
	13	8,478	8,210
		161,830	152,607
Excess of income over expenditure before finance income		133,703	115,441
Finance income		16,087	14,288
Excess of income over expenditure for the period		149,790	129,729
Other comprehensive income:			
Items that may subsequently be reclassified to income or expenditure			
(Deficit) / surplus on re-measurement of available for sale investments		(119)	224
Total comprehensive income for the period		149,671	129,953
ATTRIBUTABLE TO:			
General Fund		136,606	116,841
Specific Fund		43	(5)
Endowment Funds		(2,896)	1,647
Regional Committees		4,383	3,300
Benevolent Fund		11,535	8,170
		149,671	129,953

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 FIRST QUARTER ENDED SEPTEMBER 30, 2015**

	Note	First quarter ended	
		September 30, 2015	September 30, 2014
		----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received:			
Membership		94,687	74,391
Examinations		110,617	131,802
Training		33,035	25,484
Publications		1,575	1,311
Facilities and miscellaneous		5,545	6,062
		245,459	239,050
Cash paid:			
Employees		63,342	56,057
Professional bodies		824	757
Property tax		875	875
Suppliers and vendors		67,942	77,829
		132,983	135,518
Net cash generated from operating activities		112,476	103,532
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments - net		(118,950)	(270,672)
Fixed capital expenditure		(2,946)	(23,507)
Purchase of intangible assets		(100)	-
Proceeds from sale of operating fixed assets		1,664	35
Income received from investments		39,688	24,855
Loans, advances and deposits - net		259	(3,863)
Net cash used in investing activities		(80,385)	(273,152)
Net decrease in cash and cash equivalents		32,091	(169,620)
Cash and cash equivalents at the beginning of the period		95,964	200,186
Cash and cash equivalents at the end of the period	14	128,055	30,566

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 FIRST QUARTER ENDED SEPTEMBER 30, 2015**

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 two regional committees (i.e. southern regional committee and northern regional committee) to carry out the functions as laid down in bye-law 90 of the Chartered Accountants Bye-Laws, 1983.

Endowment Funds

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

Benevolent Fund

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Institute for the first quarter ended September 30, 2015 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, 2015.

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, 2015, 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, 2014.

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, 2015.

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, 2015. 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, 2015.

		September 30, 2015	June 30, 2015
		Un-audited	Audited
		----- Rupees in '000 -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Leasehold land - Preedy Street, Karachi	18	18
	Operating fixed assets	228,712	234,662
		228,730	234,680

	Note	September 30, 2015 Un-audited	June 30, 2015 Audited
5.1 Operating fixed assets			
Net book value at beginning of the period/year		234,662	203,371
Additions during the period/year	5.1.1	2,846	68,634
		237,508	272,005
Less:			
Disposals costing Rs. 3.07 million (June 30, 2015: Rs. 17.63 million)-at book value	5.1.2	1,448	5,698
Depreciation charge for the period/year		7,348	31,645
		8,796	37,343
Net book value at end of the period/year		228,712	234,662
5.1.1 Additions during the period/year :			
Building on leasehold land		86	4,640
Building on freehold land		310	4,938
Generators		-	2,918
Electric fittings and appliances		868	7,160
Furniture and fixtures		661	14,163
Vehicles		101	19,285
Office equipment		761	15,450
Library books		59	80
		2,846	68,634
5.1.2 Disposals during the period/year :			
Building on freehold land		-	59
Generator		-	32
Electric fittings, air conditioners and appliances		-	1,293
Furniture and fixtures		-	276
Vehicles		1,422	3,626
Office equipment		26	412
		1,448	5,698
6 INTANGIBLE ASSETS			
Net book value at the beginning of the period/year		10,769	17,805
Additions during the period / year		100	92
		10,869	17,897
Amortisation charged during the period/year		(1,809)	(7,128)
Net book value at the end of the period/year		9,060	10,769

		September 30, 2015 Un-audited	June 30, 2015 Audited
	Note	----- Rupees in '000 -----	
7 LONG TERM INVESTMENTS			
<i>Held to maturity</i>			
General Fund	7.1	381,828	347,221
Specific Fund: Prize Fund	7.2	1,493	1,492
Endowment Funds	7.3	80,671	60,604
Southern Regional Committee	7.4	14,845	12,800
Benevolent Fund	7.5	65,790	3,651
		544,627	425,768
7.1 General Fund			
Certificate of Islamic Investments	7.1.1	60,000	65,000
Pakistan Investment Bonds	7.1.2	321,828	282,221
		381,828	347,221

7.1.1 This represents Certificates of Islamic Investments of a bank costing Rs. 60 million (June 30, 2015: Rs. 65 million). These certificates carry mark-up at the rate of 8.04% (June 30, 2015: 8.03% and 8.75%) per annum and are maturing on June 30, 2022.

7.1.2 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 325.12 million (June 30, 2015: Rs. 286.82 million). Profit is receivable on half yearly basis with yield at the rates ranging from 7.90% to 12.47% (June 30, 2015: 11.75% to 12.47%) per annum. These PIBs have term of three years and are maturing on March 26, 2018.

		September 30, 2015 Un-audited	June 30, 2015 Audited
7.2 Specific Fund: Prize Fund			
Certificate of Islamic Investments	7.2.1	1,000	1,000
Pakistan Investment Bonds	7.2.2	493	492
		1,493	1,492

7.2.1 This represents Certificates of Islamic Investments of a bank costing Rs. 1 million (June 30, 2015: Rs. 1 million). This certificate carries mark-up at the rate of 8.04% (June 30, 2015: 8.03% and 8.75%) per annum and are maturing on February 13, 2022.

7.2.2 This represents investment in a Pakistan Investment Bond (PIB) having face value of Rs. 0.49 million (June 30, 2015: Rs. 0.49 million). Profit is receivable on half yearly basis with yield at the rate of 11.85% (June 30, 2015: 11.85%) per annum. This PIB has a term of three years and is maturing on July 18, 2016.

		September 30, 2015 Un-audited	June 30, 2015 Audited
		----- Rupees in '000 -----	
7.3	Endowment Funds	Note	
	Students' Endowment Fund		
	Certificate of Islamic Investments	7.3.1 42,000	22,000
	Pakistan Investment Bonds	7.3.2 33,738	33,680
		75,738	55,680
	Libraries Development Fund		
	Pakistan Investment Bonds	7.3.3 4,933	4,924
		80,671	60,604

7.3.1 This represents Certificates of Islamic Investments of a bank costing Rs. 42 million (June 30, 2015: Rs. 22 million). These certificates carry mark-up at the rate of 8.04% (June 30, 2015: 8.03% and 8.75%) per annum and are maturing on February 13, 2022.

7.3.2 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 34.00 million (June 30, 2015: Rs. 34.00 million). Profit is receivable on half yearly basis with yield at the rates ranging between 11.85% and 12.42% (June 30, 2015: 11.85% to 12.42%) per annum. These PIBs have term of three years and are maturing on July 17, 2017.

7.3.3 This represents investment in Pakistan Investment Bonds (PIBs) having aggregate face value of Rs. 4.98 million (June 30, 2015: Rs. 4.98 million). Profit is receivable on half yearly basis with yield at the rates ranging between 11.85% and 12.42% (June 30, 2015: 11.85% to 12.42%) per annum. These PIBs have term of three years and are maturing on July 17, 2017.

		September 30, 2015 Un-audited	June 30, 2015 Audited
		----- Rupees in '000 -----	
7.4	Southern Regional Committee	Note	
	<i>Certificate of Islamic Investments</i>		
	Accumulated Fund	7.4.1 14,845	12,800

7.4.1 This represents placements in Certificates of Islamic Investments of a bank costing Rs. 14.61 million (June 30, 2015: Rs. 12.61 million). These certificates carry expected mark-up at the rates ranging between 7.86% and 7.88% (June 30, 2015: 6.88% and 9.07%) per annum and are maturing on various dates latest by August 31, 2020. Accrued mark-up aggregating to Rs. 0.235 million (June 30, 2015: Rs. 0.186 million) is included in the carrying value.

		September 30, 2015	June 30, 2015
		Un-audited	Audited
		----- Rupees in '000 -----	
7.5 Benevolent Fund	Note		
Defence Saving Certificates	7.5.1	3,761	3,651
Special Saving Certificates	7.5.2	62,029	-
		65,790	3,651

7.5.1 This represents investment in Defence Savings Certificates, having aggregate face value of Rs. 2 million (June 30, 2015: Rs. 2 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, 2015: 12.10%) per annum. Accrued mark-up aggregating to Rs. 1.76 million (June 30, 2015: Rs. 1.65 million) is included in the carrying value.

7.5.2 This represents investment in Special Saving Certificates, having aggregate face value of Rs. 62 million (June 30, 2015: Rs. Nil). These certificates have been placed for a term of three years and are maturing on September 28, 2018. These carry effective mark-up at rate of 7.78% (June 30, 2015: Nil) per annum. Accrued mark-up aggregating Rs. 0.029 million (June 30, 2015: Rs. Nil) is included in the carrying value.

		September 30, 2015	June 30, 2015
		Un-audited	Audited
		----- Rupees in '000 -----	
8 STOCK OF STUDY PACKS, PUBLICATIONS AND SOUVENIRS	Note		
Stock of study packs		5,429	4,410
Stock of publications and souvenirs		3,756	4,078
		9,185	8,488

9 SHORT TERM INVESTMENTS

Held to maturity

Specific Fund : Prize Fund	9.1	2,749	2,724
Southern Regional Committee	9.2	4,071	6,087
Northern Regional Committee	9.3	9,000	9,126
Benevolent Fund	9.4	14,681	72,140

Available for sale

Benevolent Fund	9.4	5,382	5,501
		35,883	95,578

9.1 Specific Fund : Prize Fund

Term Deposit Receipts	9.1.1	2,749	2,724
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9.1.1 This represents placement in Term Deposit Receipts (TDRs) of financial institutions, having aggregate face value of Rs. 2.70 million (June 30, 2015: Rs 2.70 million). These carry mark-up at the rates ranging between 7.60% and 9.00% (June 30, 2015: 7.60% and 9.00%) per annum and are maturing on various dates upto April 2016. Accrued mark-up aggregating to Rs. 0.049 million (June 30, 2015: Rs. 0.024 million) is included in the carrying value.

		September 30, 2015	June 30, 2015
		Un-audited	Audited
		----- Rupees in '000 -----	
9.2	Southern Regional Committee	Note	
	<i>Certificate of Islamic Investments</i>		
	Accumulated Fund	9.2.1 3,922	5,940
	H.J. Irani Memorial Fund	9.2.2 149	147
		4,071	6,087

9.2.1 This represent Certificates of Islamic Investment, issued by a bank costing Rs. 3.92 million (June 30, 2015: Rs. 5.92 million). These certificates carry mark-up at the rates ranging between 5.96% to 5.98% (June 30, 2015: 5.96% and 7.56%) per annum and will mature on June 30, 2016.

9.2.2 This represent Certificates of Islamic Investment, issued by a bank costing Rs. 0.12 million (June 30, 2015: Rs. 0.12 million). These certificates carry mark-up at the rates ranging between 7.12% to 7.13% (June 30, 2015: 7.11% and 8.03%) per annum and will mature on October 31, 2015.

		September 30, 2015	June 30, 2015
		Un-audited	Audited
		----- Rupees in '000 -----	
9.3	Northern Regional Committee	Note	
	Certificate of Islamic Investments	9.3.1 9,000	9,126

9.3.1 This represents investment in Islamic Certificates aggregating Rs. 9 million (June 30, 2015: Rs. 9 million). These certificates carry mark-up at the rate of 7.50% (June 30, 2015: 7.50%) per annum and will mature on April 23, 2016.

		September 30, 2015	June 30, 2015
		Un-audited	Audited
		----- Rupees in '000 -----	
9.4	Benevolent Fund	Note	
	<i>Held to maturity</i>		
	Treasury Bills	9.4.1 14,681	38,684
	Special Saving Certificates	-	33,456
		14,681	72,140
	<i>Available for sale</i>		
	Investments in equity shares	9.4.2 5,382	5,501
		20,063	77,641

9.4.1 This represents investment in Treasury Bills, issued by the State Bank of Pakistan costing Rs. 14.68 million (June 30, 2015: Rs. 38.31 million). These bills carry mark-up at rates ranging between 6.92% and 9.10% (June 30, 2015: 6.75% to 9.10%) per annum maturing on various dates upto January 7, 2016.

	September 30, 2015 Un-audited	June 30, 2015 Audited
	----- Rupees in '000 -----	
9.4.2 Investments in equity shares		
<i>The Hub Power Company Limited</i>		
As on July 1	3,743	2,350
Surplus on re-measurement	187	1,394
Market value of 40,000 ordinary shares	3,930	3,744
 <i>Fauji Fertilizer Company Limited</i>		
As on July 1	1,758	1,320
(Deficit) / surplus on re-measurement	(306)	437
Market value of 11,767 shares	1,452	1,757
	5,382	5,501

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 Sindh Revenue Board issued a notice to the Institute dated May 27, 2015, demanding Sindh Sales Tax amounting to Rs. 37.77 million on the grounds that the Institute has charged fee from its members for authorization to practice as chartered accountants, treating it as franchising fee which is chargeable to tax under Sindh Sales tax on Services Act, 2011. The Institute filed a petition in the Honorable High Court of Sindh against the aforementioned notice, and the said notice was suspended till the next date of hearing by the Honorable High Court vide its order dated June 11, 2015. Based on legal advice, the Institute expects a favourable outcome of the legal proceedings; therefore, no provision has been made in these financial statements relating to the above-referred amount.
- 10.4 Commitments in respect of capital expenditure as at reporting date aggregated to Rs. 4.97 million (June 30, 2015: Rs. 6.43 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. 6.08 million (June 30, 2015: Rs. 6.12 million).

		First quarter ended	
		September 30, 2015	September 30, 2014
		Un-audited	Un-audited
		---- Rupees in '000 ----	
11	OTHER INCOME		
	Income derived from utilisation of facilities	800	804
	Gain on sale of fixed assets - net	229	-
	Net income from Seminars & conferences	-	-
	Surplus on Directors' Training Programs	1,361	1,011
	Miscellaneous income	250	158
		2,640	1,973
12	SALARIES, ALLOWANCES AND OTHER BENEFITS		
	Salaries and allowances	56,731	50,017
	Employees' health insurance	792	838
	Defined contribution plan - Provident fund	2,892	2,459
		60,415	53,314
13	OTHERS		
	Fees to professional bodies	824	757
	Auditors' remuneration	179	180
	Meetings and related expenses	352	680
	Books and publications	114	113
	Conveyance	66	61
	Entertainment / meeting expenses	498	495
	Bank charges	1,870	1,740
	Insurance	679	471
	Provision against advance income tax	210	-
	Gold medals and award ceremony	47	98
	Training expenses	510	185
	Online Education and Research Facility	415	544
	Chartered Accountants talent program	391	210
	Loss on sale of operating fixed assets	-	35
	Honoraria to article writers	-	175
	Sports and recreation	76	228
	Net deficit from seminars and conferences	2,012	1,235
	Sundry expenses	235	1,003
		8,478	8,210
13.1	This includes expenditure incurred in respect of meetings of the Council, Committees and Annual General Meeting.		

14 CASH AND CASH EQUIVALENTS

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

	September 30, 2015 Un-audited	September 30, 2014 Un-audited
	----- Rupees in '000 -----	
Cash and bank balances	116,938	24,700
Short term investments realizable within three months	11,117	5,866
	128,055	30,566

15 TRANSACTIONS WITH RELATED PARTIES

15.1 Significant transactions with related parties are as follows:

Relationship with the Institute	Nature of transactions	September 30, 2015 Un-audited	September 30, 2014 Un-audited
		----- Rupees in '000 -----	
Staff retirement benefit plan	Contribution paid to Provident Fund	2,892	2,459
Key management personnel			
- Secretary / COO, Directors and other executives	- Managerial remuneration	27,870	25,427
	- Reimbursement of expenses	86	687
- Members of the Council	- Membership fee received	577	532
	- Reimbursement of expenses	847	1,599

15.2 **Period / year end balances:**

Relationship with the Institute	Nature of balances	September 30, 2015 Un-audited	June 30, 2015 Audited
		----- Rupees in '000 -----	
Key management personnel			
- Secretary/COO, Directors and other executives	Loans, advances and deposits	-	1,261
	Loans, advances, prepayments and other receivables	772	206
	Creditors, accrued expenses and other liabilities	-	131
- Members of the Council	Loans, advances, prepayments and other receivables	298	-
	Creditors, accrued expenses and other liabilities	-	362

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

The above information also presented in South (includes provinces namely Sindh and Balochistan) and North (includes provinces namely Punjab, Khyber Pakhtunkhwa and Gilgit Biltistan) regions.

16.1 Service segments

16.1.1 Basis of allocation:

Service provided/renderers 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 -----									
For the first quarter ended September 30, 2015					For the first quarter ended September 30, 2014				
Examination	Education	Membership	General Services	Total	Examination	Education	Membership	General Services	Total
----- Rs. in '000 -----									
-	-	119,420	-	119,420	-	-	96,298	-	96,298
138,970	33,034	-	-	172,004	143,123	25,484	-	-	168,607
-	-	-	4,109	4,109	-	-	-	3,143	3,143
138,970	33,034	119,420	4,109	295,533	143,123	25,484	96,298	3,143	268,048
52,549	29,743	31,846	47,692	161,830	58,540	25,525	26,448	42,094	152,607
				133,703					115,441
				15,968					14,512
				<u>149,671</u>					<u>129,953</u>

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 to members/families

Vehicle maintenance and running cost

Legal and professional charges

Others

Total Expenditures

----- Un-audited -----									
For the first quarter ended September 30, 2015					For the first quarter ended September 30, 2014				
Examination	Education	Membership	General Services	Total	Examination	Education	Membership	General Services	Total
----- Rs. in '000 -----									
16,719	8,210	14,984	20,502	60,415	16,898	7,168	14,125	15,123	53,314
26,299	-	-	-	26,299	30,775	-	-	-	30,775
1,854	840	1,050	3,604	7,348	1,836	816	1,020	3,131	6,803
993	109	4,233	137	5,472	1,106	105	3,893	227	5,331
-	7,896	-	-	7,896	-	10,391	-	-	10,391
1,468	665	831	2,853	5,817	1,487	661	828	2,533	5,509
790	358	448	1,537	3,133	772	343	429	1,314	2,858
1,881	853	1,066	6,349	10,149	2,362	1,050	1,311	4,025	8,748
561	504	316	3,255	4,636	726	336	260	2,289	3,611
12	7	11	3,608	3,638	12	4	18	2,902	2,936
-	4,198	32	344	4,574	-	3,399	98	261	3,758
457	207	258	887	1,809	488	217	272	833	1,810
-	4,742	-	-	4,742	-	13	-	-	13
-	-	3,824	-	3,824	-	-	-	3,173	3,173
404	258	482	444	1,588	619	302	708	619	2,248
5	-	620	1,387	2,012	12	-	803	2,304	3,119
1,106	896	3,691	2,785	8,478	1,447	720	2,683	3,360	8,210
52,549	29,743	31,846	47,692	161,830	58,540	25,525	26,448	42,094	152,607

16.1.4 Other Information

Segments assets employed

Unallocated assets

Total assets

Segments liabilities employed

----- Un-audited -----					----- Audited -----				
As at September 30, 2015					As at June 30, 2015				
Examination	Education	Membership	General Services	Total	Examination	Education	Membership	General Services	Total
----- Rs. in '000 -----									
31,271	24,881	17,157	197,124	270,433	33,572	24,935	20,371	210,766	289,644
			<u>706,508</u>						<u>568,946</u>
			<u>976,941</u>						<u>858,590</u>
40,756	4,019	15,348	13,339	<u>73,462</u>	50,710	3,917	29,494	20,661	<u>104,782</u>

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

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

Un-audited									
For the first quarter ended September 30, 2015					For the first quarter ended September 30, 2014				
Karachi	Lahore	Islamabad and Rawalpindi	Others	Total	Karachi	Lahore	Islamabad and Rawalpindi	Others	Total
Rs. in '000									
50,504	22,923	11,470	34,523	119,420	40,719	18,482	9,248	27,849	96,298
53,892	60,110	30,381	27,621	172,004	49,657	60,355	31,493	27,102	168,607
-	-	-	-	4,109	-	-	-	-	3,143
104,396	83,033	41,851	62,144	295,533	90,376	78,837	40,741	54,951	268,048
39,605	34,688	17,501	22,344	114,138	37,349	34,518	17,942	20,704	110,513
-	-	-	-	47,692	-	-	-	-	42,094
				161,830					152,607
				133,703					115,441
				15,968					14,512
				149,671					129,953

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 to members/families

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 the first quarter ended September 30, 2015					For the first quarter ended September 30, 2014				
Karachi	Lahore	Islamabad and Rawalpindi	Others	Total	Karachi	Lahore	Islamabad and Rawalpindi	Others	Total
Rs. in '000									
49,697	7,603	2,110	1,005	60,415	43,989	5,978	2,408	939	53,314
26,299	-	-	-	26,299	18,416	6,498	1,185	4,676	30,775
5,014	1,441	469	424	7,348	4,862	1,159	397	385	6,803
3,538	1,711	223	-	5,472	3,305	1,750	193	83	5,331
7,597	184	86	29	7,896	3,610	3,810	2,047	924	10,391
2,947	1,335	771	764	5,817	2,779	1,395	703	632	5,509
2,265	306	244	318	3,133	1,748	424	310	376	2,858
2,500	1,628	2,298	3,723	10,149	3,385	3,760	881	722	8,748
4,244	314	49	29	4,636	3,340	199	53	19	3,611
1,117	806	95	1,620	3,638	951	748	89	1,148	2,936
1,266	1,482	767	1,059	4,574	780	2,707	101	170	3,758
1,809	-	-	-	1,809	1,810	-	-	-	1,810
598	2,442	937	765	4,742	13	-	-	-	13
1,927	1,432	465	-	3,824	1,497	1,254	263	159	3,173
1,282	54	246	6	1,588	1,922	234	92	-	2,248
1,807	25	180	-	2,012	3,119	-	-	-	3,119
7,611	159	531	177	8,478	6,245	1,143	552	270	8,210
121,518	20,922	9,471	9,919	161,830	101,771	31,059	9,274	10,503	152,607
(81,913)	13,766	8,030	12,425	(47,692)	(64,422)	3,459	8,668	10,201	(42,094)
39,605	34,688	17,501	22,344	114,138	37,349	34,518	17,942	20,704	110,513
				47,692					42,094
				161,830					152,607

16.2.4 Other Information

Segments assets employed

Unallocated assets

Total assets

Segments liabilities employed

Unallocated liabilities

Total liabilities

Un-audited					Audited				
As at September 30, 2015					As at June 30, 2015				
Karachi	Lahore	Islamabad and Rawalpindi	Others	Total	Karachi	Lahore	Islamabad and Rawalpindi	Others	Total
Rs. in '000									
178,457	52,773	20,157	19,046	270,433	190,700	56,327	20,797	21,820	289,644
				706,508					568,946
				976,941					858,590
38,239	6,085	1,843	2,087	48,254	29,647	433	20	1,319	31,419
				25,208					73,363
				73,462					104,782

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.

16.2.5 **Segment revenue and results**

Income

- from members
- from students
- other general services - unallocated

Allocated expenditure - Members and Students

Unallocated expenditure - General Services

Total expenditure (16.2.6)

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

Excess of income over expenditure

----- Un-audited -----					
For the first quarter ended September 30, 2015			For the first quarter ended September 30, 2014		
South	North	Total	South	North	Total
----- Rs. 000 -----					
69,751	49,669	119,420	56,508	39,790	96,298
58,516	113,488	172,004	55,674	112,933	168,607
-	-	4,109	-	-	3,143
128,267	163,157	295,533	112,182	152,723	268,048
46,597	67,541	114,138	43,269	67,244	110,513
-	-	47,692	-	-	42,094
		161,830			152,607
		133,703			115,441
		15,968			14,512
		149,671			129,953

16.2.6 **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 to members/families

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 the first quarter ended September 30, 2015			For the first quarter ended September 30, 2014		
South	North	Total	South	North	Total
----- Rs. 000 -----					
22,647	37,768	60,415	19,601	33,713	53,314
8,947	17,352	26,299	10,161	20,614	30,775
2,754	4,594	7,348	2,501	4,302	6,803
2,051	3,421	5,472	1,960	3,371	5,331
2,960	4,936	7,896	3,820	6,571	10,391
2,181	3,636	5,817	2,025	3,484	5,509
1,175	1,958	3,133	1,050	1,808	2,858
3,805	6,344	10,149	3,216	5,532	8,748
1,738	2,898	4,636	1,327	2,284	3,611
1,364	2,274	3,638	1,079	1,857	2,936
1,714	2,860	4,574	1,381	2,377	3,758
678	1,131	1,809	665	1,145	1,810
1,613	3,129	4,742	4	9	13
2,234	1,590	3,824	1,853	1,320	3,173
595	993	1,588	826	1,422	2,248
754	1,258	2,012	1,146	1,973	3,119
3,178	5,300	8,478	3,018	5,192	8,210
60,388	101,442	161,830	55,633	96,974	152,607
(13,791)	(33,901)	(47,692)	(12,364)	(29,730)	(42,094)
46,597	67,541	114,138	43,269	67,244	110,513
		47,692			42,094
		161,830			152,607

16.2.7 **Other Information**

Segments assets employed

Unallocated assets

Total assets

Segments liabilities employed

Unallocated liabilities

Total liabilities

----- Un-audited -----			----- Audited -----		
For the first quarter ended September 30, 2015			As at June 30, 2015		
South	North	Total	South	North	Total
----- Rs. 000 -----					
179,104	91,329	270,433	191,372	98,272	289,644
		706,508			568,946
		976,941			858,590
38,239	10,015	48,254	29,647	1,772	31,419
		25,208			73,363
		73,462			104,782

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 in the early part of the financial year.

18 **CORRESPONDING FIGURE**

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

Reclassification from component	Reclassification to component	First quarter ended Sep. 30, 2014 <u>Rupees in '000</u>
Balance Sheet		
Property, plant and equipment - Capital work in progress	Loans, Advances, Prepayments and Other Receivables	190
Statement of Comprehensive Income		
Others - Consultancy charges	Legal and professional charges	2,200

19 **DATE OF AUTHORIZATION FOR ISSUE**

The Council of the Institute authorized these condensed interim financial statements for issue on November 13, 2015.

SECRETARY

PRESIDENT