



**The Institute of
Chartered Accountants
of Pakistan**



A n n u a l R e p o r t |

| 2012

The Northern Regional Committee

THE NORTHERN REGIONAL COMMITTEE



**The Institute of
Chartered Accountants
of Pakistan**

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ABOUT THE NORTHERN REGIONAL COMMITTEE (NRC)

The Northern Regional Committee “The Committee” is formed under the Chartered Accountants Bye – Laws, 1983. The Committee is represented by six elected members: five members from Zone A and one member from Zone B. The Zone “A” of Northern Region comprises of the Province of Punjab and Federal Capital Territory while the Zone “B” comprises of Khyber Pakhtunkhwa, Northern & Tribal Areas and Azad Kashmir.

The Committee is obliged to support the ICAP’s Council in achieving its aims and objectives, to make representation to the Council in connection with matters of professional and business interest in the region, to organize seminars, workshops, symposia and conferences for Continuing Professional Development of the members in the region, to maintain libraries and reading rooms for the use of the members and students in the region and to arrange for regular meetings and get together of the members.

OUR MISSION

Our mission at NRC is to achieve excellence in facilitating continued professional development and learning; add value to personal competencies, professional growth and skills development; up-holding ethical conventions while recognizing the needs of professionals.

MANAGEMENT

The Regional Committee

Mr. Muhammad Ali Latif, ACA	Chairman
Mr. Saifullah, FCA	Secretary
Mr. Faisal Iqbal Khawaja FCA	Member
Mr. Irfan Ilyas FCA	Member
Mr. Muhammad Awais, FCA	Member
Mr. Shibli Islam Rehan, FCA	Member

Auditor

Mr. Shaukat Amin Shah

Bankers

MCB Bank Limited, Silk Bank Limited,
Habib Metropolitan Bank, National Bank of Pakistan

ABOUT THE NORTHERN REGIONAL COMMITTEE (NRC)



Mr. Muhammad Ali Latif
ACA
Chairman



Mr. Saifullah
FCA
Honorary Secretary



Mr. Faisal Iqbal Khawaja
FCA



Mr. Irfan Ilyas
FCA



Mr. Muhammad Awais
FCA



Mr. Shibli Islam Rehan
FCA

CPD COMMITTEES

FAISALABAD

Chairman

Mr. Ahmad Jabbar

Members

Mr. Khan Muhammad
Mr. Liaqat Ali Panwar
Mr. Muhammad Zeeshan Abid
Mr. Hamid Jan

LAHORE

Chairman

Mr. Faisal Iqbal Khawaja

Members

Mr. Farid Ud Din Ahmad
Mr. Jafar Hussain
Mr. Tufail Salariya
Mr. Talat Javed
Mr. Muhammad Nasir Muneer
Mr. Asim Nazir
Mr. Irfan Ilyas
Mr. Mubashar Mehmood
Mr. Laeeq Ahmed Rana
Mr. Rafqat Hussain
Mr. Arslan Shaukat

PESHAWAR

Chairman

Mr. Muhammad Ahmad Shahid

Members

Mr. Saifullah
Mr. Abdus Salam Jan
Mr. Khawaja Awais Bilal
Mr. Zeeshan Ali

RAWALPINDI/ISLAMABAD

Chairman

Mr. Rashid Ibrahim

Members

Mr. Shibli Islam Rehan
Mr. Asif Anwar Karim
Mr. Jehanzeb Ameen
Mr. Rana Muhammad Usman Khan
Mr. Muhammad Ali Latif
Mr. Salman Ameen
Mr. Khawar Mustafa
Mr. Ahmad Ali Latif
Mr. Muhammad Uzair

MULTAN

Chairman

Mr. Muhammad Talib

Members

Mr. Syed Mushtaq Hussain Bukhari
Mr. Javed Anjum
Mr. Kashif Adeel
Mr. Attiq Ur Rehman Hashmi
Mr. Adeeb Ali Mirza
Mr. Younas Ghazi

LIBRARY COMMITTEES

FAISALABAD

Chairman

Mr. Junaid Subhani

Member

Mr. Nadeem Anwar

RAWALPINDI / ISLAMABAD

Chairman

Mr. Muhammad Nayyer Aqib

Members

Mr. S. Salman Ali

Mr. Masood Pervaiz

LAHORE

Chairman

Mr. Fazal Mahmood

Members

Mr. Mohsin Nadeem

Mr. Asim Amin

MULTAN

Chairman

Mr. Ashiq Hussain

Members

Mr. Abdul Sattar

Mr. Muhammad Azam

Mr. Mahboob Ahmad Sheikh

Mr. Muhammad Waqas Khalid

PESHAWAR

Chairman

Mr. Arshad Khan

Members

Mr. Abdul Baseer

Miss. Tayyaba Umbareen

NOTICE OF THE ANNUAL GENERAL MEETING

The 51st Annual General Meeting of the Members of the Northern Region of the Institute of Chartered Accountants of Pakistan will be held on, Friday, October 12, 2012 at 7:00 pm at Crystal Hall, Royalton Hotel, West Canal Road, Ampex Square, Faisalabad.

Agenda

The proceedings of the meeting will commence with the recitation from the Holy Quran and will have following agenda:

1. Confirmation of the minutes of 50th Annual General Meeting.
2. Consideration and adoption of the Northern Regional Committee report and financial statements together with the auditor's report thereon for the year ended June 30, 2012.
3. Appointment of auditor(s) for the year ending June 30, 2013.
4. Any other business with the permission of the Chair.

Saifullah, FCA
Honorary Secretary

Lahore : September 28, 2012

THE COMMITTEE'S REPORT TO THE MEMBERS

THE COMMITTEE'S REPORT TO THE MEMBERS

On behalf of the Northern Regional Committee (the Committee / NRC) of the Institute of Chartered Accountants of Pakistan (ICAP), it is indeed my privilege to present the Audited Financial Statements of Northern Regional Committee for the year ended June 30, 2012.

During the year under review, the Committee has taken various initiatives for enhancing the standard and volume of CPD activities. The efforts were specially focused towards increasing the frequency and quality of CPD events.

The Committee has worked hard during the year to support the ICAP's Council in achieving its aims and objectives and has taken new initiatives to not only meet the members' expectations but also exceed them and set new traditions for the Committee in the years to come.

The NRC Webpage has been completed and is available at <http://www.icap.org.pk/web/links/0/nrc.php>. This will help in keeping our members informed about the activities of the Committee and would also allow the members to give their valuable suggestion/comments to the committee.

The committee members were also involved in different Golden Jubilee events to assist the Council. In wake of this direction, the committee was entrusted with the task for holding of Convocation Ceremonies in Lahore, where graduates of year 2011 were invited along with their families to honor them. Gold medals and merits certificates were awarded to many students for their outstanding performance in various subjects. The President and Vice President along with other council members were also present on these occasions who appreciated the efforts of the Northern Regional Committee for arranging such successful events.

MEMBERSHIP

The membership in the Region as at June 30, 2012 is 2297 (2011: 2,155). A large number of members 1,225 are serving the industry and other commercial organizations followed by 633 members either in public practice or employed in practice, 395 overseas, 44 education and others at different sectors. The membership also includes 56 Life members.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

One of the main responsibilities of NRC is to organize and hold CPD programmes in all the centers of the Region, throughout the year. The Committee has tried its level best to perform its role in Continuing Professional Development of its members at all stations of Northern Regional Committee.

THE COMMITTEE'S REPORT TO THE MEMBERS

All the CPD Committees of the Region performed well both in terms of arranging regular events and addressing areas and topics of professional interest. More than 201 hours of CPD activities were collectively held in the region. Facilities of Air Travelling, Boarding, Lodging and Honorarium are also provided to the speakers travelling to small stations such as Multan, Faisalabad and Peshawar.

The Committee also arranged an extremely valuable CPD program of Revision of all International Accounting & Financial Reporting Standards (IAS & IFRS) with special emphasis on practical application spanning over a period of 4 days. The program was extremely well attended (more than 100 members) and enabled our members to develop an advanced understanding of up-to-date knowledge of IAS & IFRS with special emphasis on applying the gained knowledge to their respective work places. All the participants appreciated the program and similar program are also being planned in other cities.

We are also pleased to announce the formation of CPD Committee – Rawalpindi to cater to the specific needs of Rawalpindi Members.

FAMILY GET TOGETHER

In line with new objective of organizing social events for members and their families, the Northern Regional Committee organized a Family Get Together in March, at Royal Palm Golf & Country Club, Lahore. The basic objective of the event was to give an energizing break to the members from their routine patterns of work pressures, late sittings & deadlines so as to enjoy some quality family time.

The event attracted a large number of families who enjoyed an extremely sumptuous Brunch. The Children were quite happy with the fun-activities which included Jumping Castle, Kiddy Rides, Train, Face Painting, Puppet & Magic Show among various Other fun activities. Similar functions are also being planned in other cities of the Region.

CHARTERED ACCOUNTANTS STUDENT ASSOCIATION - NORTH (CASA)

CASA-North organized various educational seminars and workshops for the students at Lahore and Islamabad. Good number of students attended these activities and appreciated the efforts of CASA-North. CASA-North also assisted ICAP in holding the debate competition.

CASA-North held the elections in order to elect two student members of the association for the year 2012 in place of retiring student members for the year. The elections were conducted for the first time simultaneously at all stations of ICAP at Northern Region.

LIBRARIES

The Committee has conducted a comprehensive review of libraries at various centers to identify the requirements for improving the existing as well as providing additional facilities. We are grateful to the Institute for providing Grant of Rs. 755,000/- for development of Libraries.

THE COMMITTEE'S REPORT TO THE MEMBERS

AUDITORS APPOINTMENT

The Committee has unanimously recommended to re-appoint Mr. Shaukat Amin Shah as the auditor of NRC for the year ending June 30, 2013, on a remuneration to be mutually agreed.

FINANCE AND ACCOUNTS

The financials for the year show a surplus of Rs. 553,979/- an increase of approximately 58.30 % with FY 2010-11, as reflected in the Audited Financial Statements. The Committee feels satisfied with the existing financial position.

ACKNOWLEDGEMENTS AND APPRECIATIONS

The Committee endeavors to work in close co-ordination with the Council towards improving the overall working and operational environment of the Institute with the objective of further elevating the image and esteem of our profession while safeguarding the prestige and interest of our worthy members.

On behalf of the Committee, I am pleased to recognize and appreciate the efforts of all our very worthy members who served on various committees.

Further, I would also like to acknowledge and appreciate the continued support extended to us by the ICAP President, Vice President (North), Council members, Regional Directorate and the Institute's support staff for extending their cooperation in the execution of NRC's functions.

The Committee looks forward to a more eventful and productive year ahead.

For and on behalf of the Committee

M.A.Latif, ACA
Chairman

July 30, 2012
Islamabad

The committee arranged regular CPD programmes addressing areas & topic of professional interest. More than 201 hours of CPD activities were collectively held in the region. The detail is given below:

LAHORE

Sr. No	Date	Topic	Speaker	Credit Hours
1	20-07-2011	"QCR Findings "	Mr. Shahid Hussain, FCA & Mr. Haroon Adeel, ACA	4
2	23-09-2012	Financial Modeling & Corporate Evaluation	Mr. Affan Sajjad, ACA	5
3	01-10-2011	"Revised Code of Ethics"	Rana Muhammad Usman Khan, FCA	4
4	21-10-2011	ISA-560 -Subsequent Event & ISA-570-Going Concern	Mr. Faisal Iqbal Khawaja, FCA	4
5	28-10-2011	Introduction to Technical Analysis and Commodity Trading Gold Silver & Oil	Mr. Masoor Ali & Mr. Moiz Amjad	4
6	26-11-2011	Building Financial Models -from Scratch	Mr. Affan Sajjad, ACA	7
7	09-01-2012	IAASB Official Visit	Mr. Philip and Mr. Nazir Ahmad Ch	4
8	23-01-2012	Corporate Compliance and e-services	Mr. Ahmad Muzamil & Mr. Salman Khan	4
9	10-02-2012	Manage your Time Manage your Life Effective Time Management Tools & Techniques	Mr. Malik Mirza, ACA	4
10	18-02-2012	"Code of Ethics"	Rana Muhammad Usman Khan, FCA	4
11	28-02-2012	Group Discussion Anomalies In Income Tax, Sales Tax & Excise Tax	Mr. Naeem Akhtar Sheikh, FCA - Mr. Kamran Iqbal Butt, FCA Mr. Fazal Mahmood, FCA	2.5
12	07-04-2012	Designing & Implementing Effective Internal Controls	Mr. Adil Farooq Qurashi, ACA	7.5
13	25-05-2012	Audit Practice Manual	Mr. Shahid Hussain - FCA & Mr. Abbas - FCA	4
14	07-06-2012	Post Budget Seminar 2012-13	Mr. Naeem Akhter Sheikh, Mr. Hafeez Pasha, Mr. Akhter Ali	4
15	22-06-2012 23-06-2012	Revision- IAS & IFRS,	Mr. Maqbool, FCA	16
Total Credit Hours				78

MULTAN

Sr. No	Date	Topic	Speaker	Credit Hours
1	10-09-2011	Workshop on Excellence in Excel	Mr. Umer Farooq (MCS) & Mr. Muhammad Awais (MCS)	12
2	19-09-2011	Seminar on Audit Routine & Audit Finalization	Mr. Abdul Wahid	2
3	13-02-2012	Seminar on Audit Planning, Risk Assessment & Materiality	Mr. Faisal Iqbal Khawaja, FCA	3
4	20-03-2012	Workshop on QCR Findings	Mr. Shahid Hussain - FCA & Mr. Haroon Adeel (Sr. Manager)	5
5	23-05-2012	WorkShop Audit Practice Manual	Mr. Shahid Hussain - FCA & Mr. Abbas - FCA	4
Total Credit Hours				26

SEMINAR DETAIL FOR THE YEAR ENDED JUNE 30, 2012

FAISALABAD

Sr. No	Date	Topic	Speaker	Credit Hours
1	21-07-2011	QCR Findings	"Mr. Shahid Hussain, FCA Mr. Rashid Rehman Mir, FCA Panel of Expert Co Speaker :- Mr. Haroon Adeel, ACA	4
2	27-02-2012	Audit Planning, Risk Assessment And Materiality	Mr. Faisal Iqbal Khawaja, FCA	3
3	22-03-2012	Project Management	Prof. Dr. Babak Mehmood	3
4	14-04-2012	Designing & Implementing Effective Internal Controls	Muhammad Aleem Zubair	7
5	24-05-2012	Audit Practice Manual	"Mr. Abbas, FCA & Mr. Shahid Hussain, FCA"	4
6	12-06-2012	Post Budget Seminar 2012-13	"Mr. Naeem Akhtar Sheikh FCA & Mr. Irfan Ilyas, FCA"	4
Total Credit Hours				25

ISLAMABAD

Sr. No	Date	Topic	Speaker	Credit Hours
1	22-07-2011	QCR Findings	Mr. Shahid Hussain, FCA - Mr. Haroon Adeel, ACA	3
2	27-09-2011	Code of Ethics	Rana M.Usman Khan, FCA	3
3	06-10-2011	ISAs 560 & 570	Mr. Faisal Iqbal Khawaja, FCA	3
4	28-10-2011	Embedding Sustainability in the Business Strategy & Corporate Reporting	Syed Faheem-UI-Hassan, FCA Mr. Naveed Abdul Hameed, ACA	3
5	18-11-2011	IPSAS	Mr. Abdul Rehman, ACA	3
6	02-12-2011	Financial Modeling & Corporate Valuations	Mr. Affan Sajjad, ACA	4
7	16-01-2012	Sindh Sales Tax on services Act 2011	Mr. Affan Sajjad, ACA	8
8	08-02-2012	Code of Ethics	Mr. Asif Kasbati, FCA	3
9	16-03-2012	Manage your Time, Manage your Life! Effective Time Management; Tools & Techniques	Rana Muhammad Usman Khan, FCA	3
10	21-04-2012	MASTER YOUR ATTITUDE, REACH YOUR DESTINY"	Mr. Malik Mirza, ACA, MBA	4
11	08-06-2012	Post Budget Seminar 2012-2013	Mr. Ali Anwer Adil	4
Total Credit Hours				41

PESHAWAR

Sr. No	Date	Topic	Speaker	Credit Hours
1	28-07-2011	Financial Analysis with Microsoft Excel-1	Mr. Jahanzaib Ismat Malhi, MCS, MBA	5
2	31-12-2011	Business Ethics & HR Manager Dilemma	Mr. Mohammad Rizwan	2
3	30-03-2012	Identifying, Developing and Implementing Policies & Procedures at an Organizational Level	Mr. Shuja Ul Mulk, ACA	4
4	26-04-2012	Workshop on Audit Practice Manual and QCR Findings	Mr. Abbas, FCA & Mr. Shahid Hussain, FCA	5
5	17-05-2012	Anomalies in Income Tax, Sales Tax & Excise Laws	Visual CDs (Group Discussion)	2
6	25-05-2012	International Financial Reporting Standard	Visual CDs	2
7	01-06-2012	Fraud Prevention in the Work Place	Visual CDs	2
8	08-06-2012	Workshop on Clarified International Standard on Auditing	Visual CDs	2
9	15-06-2012	Leadership-An Insight	Visual CDs	2
10	21-06-2012	E. filing, FTRS and other corporatization matters	Group Discussion	3
11	22-06-2012	Sustainability and Professional Accountants	Visual CDs	2
Total Credit Hours				31

Grand Total **201**



FINANCIAL STATEMENTS

AUDITOR'S REPORT

(1) I have audited the annexed financial statements of Northern regional Committee – Institute of Chartered Accountants of Pakistan, which comprise the Statement of Financial Position as at 30 June 2012 and the Statement of Comprehensive Income and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

(2) Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

(3) My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing as applicable in Pakistan. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

(4) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

AUDITOR'S REPORT

(5) I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

OPINION

(6) In my opinion the annexed financial statements give a true and fair view of the financial position of Northern Regional Committee – Institute of Chartered Accountants of Pakistan as at 30 June 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

July 28, 2012
Lahore



Shaukat Amin Shah
Chartered Accountant

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	2012 (Rupees)	2011 (Rupees)
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,159,696	775,018
Current assets			
Investments - held to maturity	6	9,000,000	8,367,000
Due from ICAP	7	-	399,418
Accrued profit and other receivables	8	206,056	853,364
Income tax refundable		193,177	35,798
Cash and bank balances	9	1,552,696	1,269,103
		<u>10,951,929</u>	<u>10,924,683</u>
TOTAL ASSETS		<u>12,111,625</u>	<u>11,699,701</u>
FUND AND LIABILITIES			
Fund Account	10	11,061,827	10,507,848
Long term liabilities			
Deferred capital grant	11	410,236	-
Restricted grants			
Grant received from ICAP for libraries upgradation	12	308,387	755,000
Current liabilities			
Accrued expenses and other liabilities	13	176,825	58,453
Advance membership fee		154,350	378,400
		<u>331,175</u>	<u>436,853</u>
Contingencies and commitments	14	-	-
TOTAL CAPITAL AND LIABILITIES		<u>12,111,625</u>	<u>11,699,701</u>

The annexed notes form an integral part of these financial statements.


Chairman


Secretary

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 (Rupees)	2011 (Rupees)
Income:			
Seminars and CPD activities		2,215,448	2,033,450
Coaching Classes		-	98,000
Share in membership fee		1,669,600	1,675,150
Surplus from Golf Tournament-Islamabad	15	95,578	-
Profit on investments and saving accounts	16	1,015,086	813,962
Deferred capital grant released	11	36,377	-
		<u>5,032,089</u>	<u>4,620,562</u>
Expenditure:			
Seminars and CPD activities		2,932,286	2,390,565
Coaching classes		-	603,367
Deficit in NRC family get together-Lahore	17	246,090	-
Deficit in annual dinner		-	22,728
Administrative and general expenses	18	1,299,734	1,253,956
		<u>4,478,110</u>	<u>4,270,616</u>
Surplus carried to fund account		<u>553,979</u>	<u>349,946</u>

The annexed notes form an integral part of these financial statements.


Chairman


Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

THE NORTHERN REGIONAL COMMITTEE

	2012 (Rupees)	2011 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	553,979	349,946
Adjustments for:		
Depreciation	115,935	86,114
Deferred capital grant released	(36,377)	-
Profit on investment & saving accounts	(1,015,086)	(813,962)
	<u>(935,528)</u>	<u>(727,848)</u>
Surplus before working capital changes	<u>(381,549)</u>	<u>(377,902)</u>
Working Capital Changes:		
(Increase) / decrease in due from ICAP	399,418	(38,335)
(Increase) /decrease in other receivables	98,609	(98,609)
Increase / (decrease) in accrued expenses and other liabilities	118,372	(72,447)
Increase / (decrease) in advance membership fee	(224,050)	79,250
	<u>392,349</u>	<u>(130,141)</u>
Net cash inflows / outflows from operating activities	<u>10,800</u>	<u>(508,043)</u>
Income tax paid	(157,379)	-
Profit received on investment & saving accounts	1,563,785	242,209
	<u>1,417,206</u>	<u>(265,834)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investments in Habib Metropolitan Bank Ltd	(633,000)	(3,367,000)
Addition in fixed assets	(500,613)	-
Investments in Habib Islamic Certificates	-	1,000,000
Net cash outflows from investing activities	<u>(1,133,613)</u>	<u>(2,367,000)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Grant received from ICAP for libraries upgradation	-	755,000
	<u>-</u>	<u>755,000</u>
Net increase in cash and cash equivalents	283,593	(1,877,834)
Cash and cash equivalents at the beginning of the year	1,269,103	3,146,937
Cash and cash equivalents at the end of the year	<u>1,552,696</u>	<u>1,269,103</u>

The annexed notes form an integral part of these financial statements.


Chairman


Secretary

STATEMENT OF CHANGE IN FUNDS AS AT JUNE 30, 2012

	Accumulated Fund (Rupees)	Total (Rupees)
Balance at July 01, 2010	10,157,902	10,157,902
Comprehensive surplus for the year ended June 30, 2011	349,946	349,946
Balance at June 30, 2011	10,507,848	10,507,848
Comprehensive surplus for the year ended June 30, 2012	553,979	553,979
Balance at June 30, 2012	11,061,827	11,061,827

The annexed notes form an integral part of these financial statements.



Chairman



Secretary

1 THE COMMITTEE AND ITS OPERATIONS

The Northern Regional Committee (the Committee) of the Institute of Chartered Accountants of Pakistan comprises of the Province of Punjab, including Federal Capital known as Zone A and Khyber Pakhtunkhwa, Tribal Areas and Azad Kashmir, known as Zone B.

The Committee is engaged in performing duties and functions as specified in Bye-Law 90 of the Chartered Accountants Bye Laws, 1983. The Committee is an approved non profit organization under sub-section (36) of Section 2 of the Income Tax Ordinance, 2001.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprised of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as applicable in Pakistan and the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-laws, 1983.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Committee's functional currency. All the financial information presented in Pak Rupee has been rounded-off to the nearest Rupee.

2.3 Changes in accounting standards

2.3.1 Standards, amendments to approved accounting standards and new interpretations that are effective in current year

There are certain new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011, but are considered not to be relevant or did not have any significant impact on the Committee's financial statements and are, therefore, not detailed in these financial statements.

2.3.2 Standards, amendments to approved accounting standards and interpretations that are published and considered relevant but not yet effective:

Following new standard and amendments to existing standards have been published that are mandatory for accounting periods beginning on the dates mentioned below:

- (a) IFRS 9, 'Financial Instruments' (effective for the periods beginning on or after January 1, 2015). This is the first standard issued as part of a wider project to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets at (a) amortized cost and (b) fair value. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. The Committee is yet to assess the full impact of IFRS 9, however, initial indications are that it may not significantly affect the Committee's financial assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

(b) IAS 1 (Amendments), 'Presentation of financial statements' (effective for the periods beginning on or after July 1, 2012). The main change resulting from these amendments is a requirement for the entities to group items presented in 'other comprehensive income' on the basis of whether they can be potentially reclassified to profit and loss subsequently (reclassification adjustments). Since, the Committee currently does not have any items of other comprehensive income, the amendments are not expected to have a significant affect on the Committee's financial statements.

(c) IAS 19 (Revised), 'Employee benefits' (effective for the periods beginning on or after January 1, 2013). It eliminates the 'corridor method' for recognizing actuarial gains and losses and make it mandatory for all the actuarial gains and losses to be recognized immediately, immediately recognises all past service costs and replaces interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / asset. The Committee is yet to assess the full impact of this revision.

2.3.3 Standards, amendments to approved accounting standards and interpretations that are not yet effective and are not considered relevant

There are other new accounting standards, amendments to approved accounting standards and interpretations that are mandatory for future years. However these are not expected to affect materially the financial statements of the Committee for accounting periods on the dates prescribed therein.

3 BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under historical cost convention.

3.2 The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates / judgments and associated assumptions are based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects the both current and future periods. The areas where various assumptions and estimates are significant to the Committee's financial statements or where judgments were exercised in application of accounting policies are residual values and useful lives of depreciable assets.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

4.1 Property, Plant and equipment

Consisted with prior years, Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged on reducing balance method at the rates specified in the note no. 5. Depreciation on additions is charged from the day on which the asset is put to use, whereas on disposals, up to the day the asset has been in use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values and useful lives is recognised prospectively as a change of accounting estimate.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to buyers. Gains and losses on disposal are determined by comparing the proceeds with the carrying amounts and are recognized in the statement of comprehensive income.

Subsequent costs are included in the assets' carrying amount and recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Committee and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income as and when incurred.

4.2 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Committee becomes a party to the contractual provisions of the instrument. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to Statement of Comprehensive Income.

4.3 Impairment

4.3.1 Impairment of financial assets

A financial asset is impaired when there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of asset and that loss event has an impact on the estimated future cash flows of financial asset that can be reliably estimated.

4.3.2 Impairment of non financial assets

The carrying amounts of non financial assets are reviewed at each reporting date for impairment when events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to the recoverable amount. The resulting impairment loss is taken to the statement of comprehensive income.

4.4 Investments

Investments are classified as held to maturity, comprising of securities with fixed maturity which the Committee has the intent and ability to hold until maturity. Short term investments are recorded at cost.

4.5 Loans, advances, prepayments and other receivables

These are stated at their nominal values net of any allowance for uncollectable amounts (if any). Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.6 Cash and cash equivalent

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purposes of Statement of Cash Flows, cash and cash equivalent comprises of cash in hand, balance with banks and other short term highly liquid investments with original maturity of three months or less.

4.7 Restricted funds

Funds received directly as grants or received as contribution from the donors are classified as Restricted Funds. Restricted funds representing direct grants are classified as Grant funds. Expenses incurred out of Grant funds are reflected in the Statement of comprehensive income, with an equal amount being recognised as income and reflected as 'Grant utilized'.

Funds utilized for capital expenses are transferred to the deferred capital grant account, with an amount equal to the annual charge for depreciation on assets purchased being released from this account and recognised as income and reflected as 'Deferred capital grants released' in the Statement of comprehensive income.

4.8 Creditors, accrued and other liabilities

Liabilities for creditors and other liabilities are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Committee.

4.9 Provisions

Provisions are recognized when the committee has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.10 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Committee and revenue can be reliably measured. Revenue from different sources is recognized on the following basis;

- Income from subscription, fee from members and from coaching classes is accounted for on receipt basis.
- Fee/Subscription receipts relating to periods beyond the current financial year are shown as fee received in advance and are recognized as income in the year to which these relate.
- Profit on investments is accrued on the basis of effective yield of respective investments.
- Profit on savings accounts is recognised on accrual basis.

5. Fixed Assets

	Furniture	Library Books	Office Equipment	Air Conditioners and Electrical Items	Total
As at July 1, 2010					
Cost	932,910	599,204	336,874	183,231	2,052,219
Accumulated depreciation	(609,074)	(327,433)	(144,676)	(109,904)	(1,191,087)
Net book value as at June 30, 2010	323,836	271,771	192,198	73,327	861,132
Net carrying value basis					
Year ended June 30, 2011					
Opening net book value	323,836	271,771	192,198	73,327	861,132
Depreciation charged for the year	(32,384)	(27,177)	(19,220)	(7,333)	(86,114)
Net book value as at June 30, 2011	291,452	244,594	172,978	65,994	775,018
Gross carrying value basis					
As at June 30, 2011					
Cost	932,910	599,204	336,874	183,231	2,052,219
Accumulated depreciation	(641,458)	(354,610)	(163,896)	(117,237)	(1,277,201)
Net book value as at June 30, 2011	291,452	244,594	172,978	65,994	775,018
Net carrying value basis					
Year ended June 30, 2012					
Opening net book value	291,452	244,594	172,978	65,994	775,018
Additions	-	394,313	54,000	52,300	500,613
Depreciation charged for the year	(29,145)	(56,653)	(19,354)	(10,783)	(115,935)
Net book value as at June 30, 2012	262,307	582,254	207,624	107,511	1,159,696
Gross carrying value basis					
As at June 30, 2012					
Cost	932,910	993,517	390,874	235,531	2,552,832
Accumulated depreciation	(670,603)	(411,263)	(183,250)	(128,020)	(1,393,136)
Net book value as at June 30, 2012	262,307	582,254	207,624	107,511	1,159,696
Depreciation rate (%)					
2011	10	10	10	10	
2012	10	10	10	10	

6 Investments - held to maturity

Short term

	2012 (Rupees)	2011 (Rupees)
Habib Islamic Certificates (Note 6.1)	9,000,000	5,000,000
Term deposits (Note 6.2)	-	3,367,000
	<u>9,000,000</u>	<u>8,367,000</u>

6.1 These carry profit @ 10.50 % per annum (2011: 12 % per annum) and will mature on 23 April 2013.

6.2 It carried profit @ 10.75 % per annum and matured on 10 March 2012.

7 Due from ICAP

It represents receivable in respect of share of the Committee in member's subscription fee received by the Institute of Chartered Accountants of Pakistan (ICAP). Current year no amount is receivable at year end as amount is realized on 30 June 2012.

8 Accrued profit and other receivables

	2012 (Rupees)	2011 (Rupees)
Investments	178,644	740,825
Saving accounts	27,412	13,930
Due from CASA (Chartered Accountants Students' Association)	-	98,609
	<u>206,056</u>	<u>853,364</u>

9 Cash and bank balances

	2012 (Rupees)	2011 (Rupees)
Cash in hand	28,236	20,684
Cash at banks:		
Current accounts	361,605	355,887
Saving accounts (Note 9.1)	1,162,855	892,532
	<u>1,552,696</u>	<u>1,269,103</u>

9.1 Effective interest rates during the year was 5% per annum (2011: 5% per annum).

10 Fund account

	2012 (Rupees)	2011 (Rupees)
Opening balance	10,507,848	10,157,902
Add: Surplus for the year	553,979	349,946
	<u>11,061,827</u>	<u>10,507,848</u>

11 Deferred capital grant

	2012 (Rupees)	2011 (Rupees)
Library Books	394,313	-
UPS for Islamabad Library	52,300	-
	<u>446,613</u>	<u>-</u>
Less: Deferred capital grant released		
Depreciation on library books	32,193	-
Depreciation on UPS	4,184	-
	<u>36,377</u>	<u>-</u>
	<u>410,236</u>	<u>-</u>

12 Grant received from ICAP for libraries upgradation

	2012 (Rupees)	2011 (Rupees)
Total grant received	755,000	755,000
Less: Deferred capital grant (note 11 above)	446,613	-
	<u>308,387</u>	<u>755,000</u>

	2012 (Rupees)	2011 (Rupees)
13 Accrued expenses and other liabilities		
Audit fee	25,000	25,000
Due to Continuing Professional Development (CPD) Committees	-	33,453
Payable to CASA North	94,959	-
Others	56,866	-
	<u>176,825</u>	<u>58,453</u>
14 Contingencies and commitments		
The Committee is not exposed to any contingencies and commitments.		
15 Surplus from Golf Tournament-Islamabad		
Receipts from Golf Tournament	1,009,884	-
Less: Expenditure on Golf Tournament	(914,306)	-
	<u>95,578</u>	<u>-</u>
16 Profit on investment & saving accounts		
Profit on investments	937,252	773,494
Profit on saving accounts	77,834	40,468
	<u>1,015,086</u>	<u>813,962</u>
17 Defecit in NRC Family get together-Lahore		
Fee received from members	164,500	-
Less: Expenditure on NRC Family Get Together	(410,590)	-
	<u>(246,090)</u>	<u>-</u>
18 Administrative and general expenses		
Salaries	614,762	495,490
Printing and stationery	213,685	134,690
Postage and telegram	19,566	900
Meeting expenses	81,947	90,020
Traveling and conveyance	204,983	317,983
Library expenses	13,022	20,465
Audit fee	25,000	25,000
Bank charges	3,574	6,924
NRC Orientation expenses	-	76,370
Repair & Maintenance Expenses	7,260	-
Depreciation (Note 5)	115,935	86,114
	<u>1,299,734</u>	<u>1,253,956</u>

19 Financial instruments and related disclosures

19.1 Foreign currency risk

The Committee is not exposed to any foreign currency risk as no assets and liabilities are denominated in foreign currency.

19.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments.

As the Committee financial instruments are invested in fixed rate securities the Committee does not believe it is exposed to any interest rate risk.

19.3 Liquidity risk

The Committee maintains cash and cash equivalent balances to manage working capital requirements and, therefore, it does not have significant liquidity risk. Cash flows are projected on monthly basis to closely monitor the liquidity need of the Committee and excess fund is then invested in line with the forecast requirements. The contractual maturities of financial liabilities are as follows:

	Contractual Cash Flows	Not later than three months	Three to twelve months	Between once to three years	Between three to five years	Over five years
	(R U P E E S)					
2012						
Financial liabilities						
Accrued expenses and other liabilities	176,825	176,825	-	-	-	-
	<u>176,825</u>	<u>176,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(R U P E E S)					
2011						
Financial liabilities						
Accrued expenses and other liabilities	58,453	58,453	-	-	-	-
	<u>58,453</u>	<u>58,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

19.4 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. Out of the total financial asset of Rs. 10.779 million (2011: Rs. 10.888 million) as set out in note No. 19.6 below, those that are subject to credit risk aggregate to Rs. 10.751 million (2011: Rs. 10.868 million). As at June 30, 2012 approximately 99.73 % (2011: 95.24%) of the financial assets of the committee that are subject to credit risk, are held with banks having highest capacity for timely repayment (i.e. having credit rating at least 'A-2').

Concentration of credit risk exists when changes in economic and industry factors similarly affect the group of counter parties whose aggregated credit exposure is significant in relation to the committee's total credit exposure. The financial asset of the Committee broadly diversified and transition are entered into with diverse credit worthy parties there by mitigating any significant concentration risk as a result it believes that it is not exposed to major concentration of credit risk.

	2012 (Rupees)	2011 (Rupees)
Investments		
Due from ICAP		
Accrued Profit and other receivables	9,000,000	8,367,000
Bank Balances	-	399,418
	206,056	853,364
During the year no asset have been impaired.	1,524,460	1,248,419
	<u>10,730,516</u>	<u>10,868,201</u>

19.5 Fair Value of Financial Assets and Liabilities

The carrying value of financial assets and liabilities reflected in the financial statements approximate their fair values.

19.6 Financial Instruments by Category

	2012			
	Held to maturity	Loans and Receivables	Liabilities measured at amortized cost	Total
	(R U P E E S)			
Financial Assets				
Investments	9,000,000	-	-	9,000,000
Accrued Profit and other receivables	-	206,056	-	206,056
Cash & Bank Balances	-	1,552,696	-	1,552,696
	<u>9,000,000</u>	<u>1,758,752</u>	<u>-</u>	<u>10,758,752</u>
Financial Liabilities				
Accrued expenses and other liabilities	-	-	176,825	176,825
	<u>-</u>	<u>-</u>	<u>176,825</u>	<u>176,825</u>
	2011			
	Held to maturity	Loans and Receivables	Liabilities measured at amortized cost	Total
	(R U P E E S)			
Financial Assets				
Investments	8,367,000	-	-	8,367,000
Due from ICAP	-	399,418	-	399,418
Accrued Profit and other receivables	-	853,364	-	853,364
Cash & Bank Balances	-	1,269,103	-	1,269,103
	<u>8,367,000</u>	<u>2,521,885</u>	<u>-</u>	<u>10,888,885</u>
Financial Liabilities				
Accrued expenses and other liabilities	-	-	58,453	58,453
	<u>-</u>	<u>-</u>	<u>58,453</u>	<u>58,453</u>

20 Date of authorization

The financial statements were authorized for issue on July 28, 2012 by the committee.

21 General

21.1 Figures have been rounded off to the nearest rupee.

21.2 Comparative figures of these financial statements have been re-arranged, wherever necessary for the purpose of comparison.



Chairman



Secretary



The Institute of Chartered Accountants of Pakistan

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