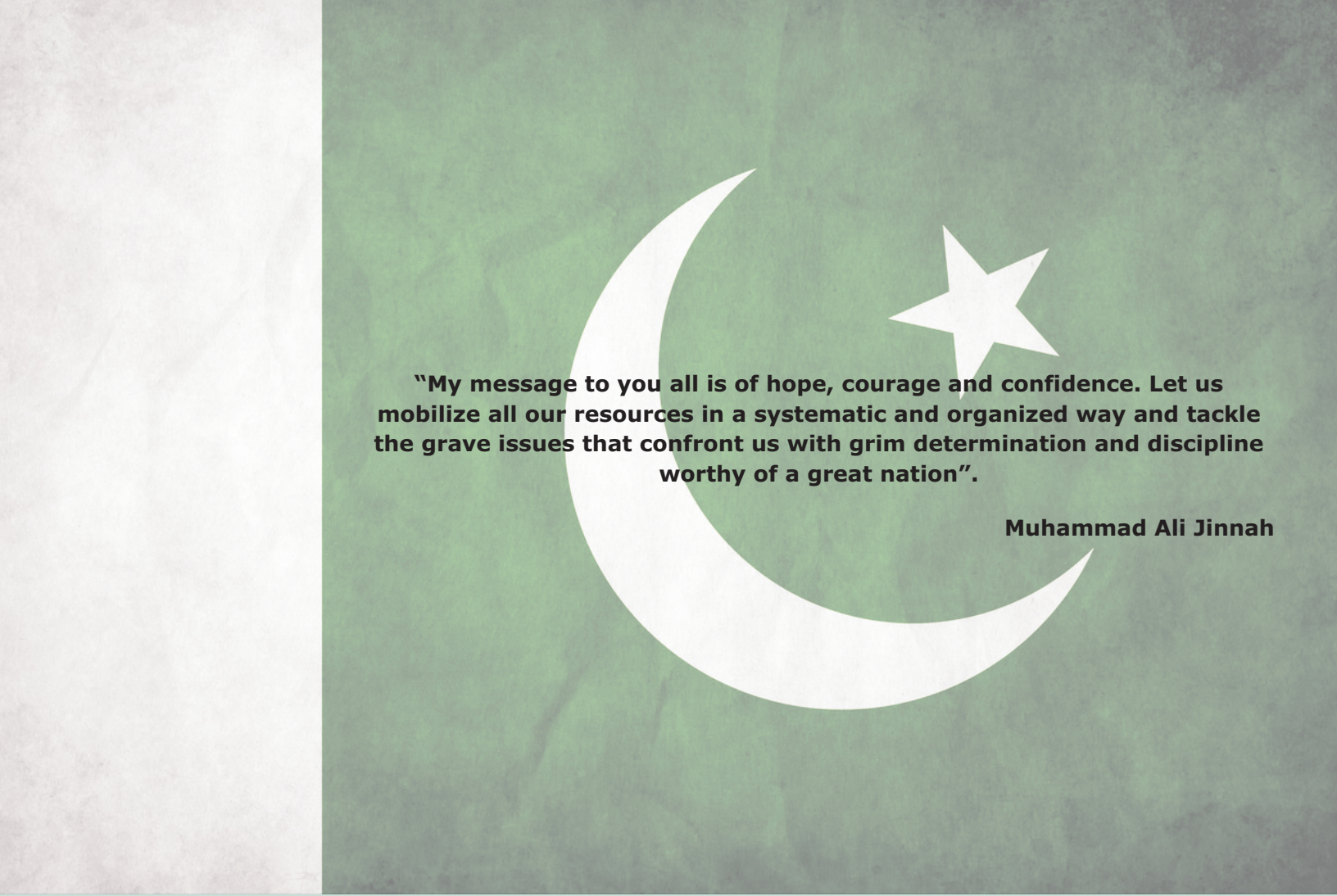




**The Institute of  
Chartered Accountants  
of Pakistan**



**The Northern Regional Committee** | **2013**  
Annual Report



**“My message to you all is of hope, courage and confidence. Let us mobilize all our resources in a systematic and organized way and tackle the grave issues that confront us with grim determination and discipline worthy of a great nation”.**

**Muhammad Ali Jinnah**

## **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 Awais, FCA	Chairman
Mr. Saifullah, FCA	Secretary
Mr. Faisal Iqbal Khawaja, FCA	Member
Mr. Irfan Ilyas, FCA	Member
Mr. Muhammad Ali Latif, ACA	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 Awais**  
FCA  
Chairman



**Mr. Saifullah**  
FCA  
Honorary Secretary



**Mr. Faisal Iqbal Khawaja**  
FCA



**Mr. Irfan Ilyas**  
FCA



**Mr. Muhammad Ali Latif**  
ACA



**Mr. Shibli Islam Rehan**  
FCA

## CPD COMMITTEES

### LAHORE

#### **Chairman**

Mr. Jafar Husain

#### **Member**

Mr. Laeeq Ahmed Rana  
Mr. Faisal Iqbal Khawaja  
Mr. Tufail Salariya  
Mr. Mubasher Mahmood  
Mr. Muhammad Nasir Muneer  
Mr. Rafqat Hussain  
Mr. Kamran Iqbal Butt  
Mr. Mustafa Ahmad  
Mr. Rana Muhammad Usman Khan

### FAISALABAD

#### **Chairman**

Mr. Ahmad Jabbar

#### **Member**

Mr. Tahir Shafiq  
Mr. Inam ul Haq  
Mr. Muhammad Zeeshan Abid  
Mr. Shahbaz Raza  
Mr. Usman Ghani  
Mr. Rana Mohammad Ather

### PESHAWAR

#### **Chairman**

Mr. Muhammad Ahmad Shahid

#### **Member**

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

### RAWALPINDI/ISLAMABAD

#### **Chairman**

Mr. Rashid Ibrahim

#### **Member**

Mr. Shibli Islam Rehan  
Mr. Jahanzaeb Ameen  
Mr. Muhammad Ali Latif  
Mr. Salman Ameen  
Mr. Masoom Akhtar  
Mr. Sajjad Hussain Gill

### MULTAN

#### **Chairman**

Mr. Mr. Aashiq Hussain

#### **Member**

Mr. Syed Mushtaq Hussain Bukhari  
Mr. Javed Anjum  
Mr. Younas Ghazi  
Mr. Muhammad Talib  
Mr. Atiq Hashmi  
Mr. Kashif Adeel

## LIBRARY COMMITTEES

### LAHORE

**Chairman**  
Mr. Fazal Mahmood

**Member**  
Mr. Mohsin Nadeem

### FAISALABAD

**Chairman**  
Mr. Junaid Subhani

**Member**  
Mr. Nadeem Anwar

### PESHAWAR

**Chairman**  
Mr. Arshad Khan

**Member**  
Mr. Safdar Shabir  
Miss. Tayyaba Umbareen

### RAWALPINDI/ISLAMABAD

**Chairman**  
Mr. Muhammad Nayyer Aqib

**Member**  
Mr. S. Salman Ali

### MULTAN

**Chairman**  
Mr. Ashiq Hussain

**Member**  
Mr. Abdul Sattar



## NOTICE OF THE ANNUAL GENERAL MEETING

The 52<sup>nd</sup> Annual General Meeting of the Members of the Northern Region of the Institute of Chartered Accountants of Pakistan will be held on, Friday, August 23, 2013 at 6:30 pm at Faletti's Hotel, 24 Egerton Road, Lahore.

### 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 51<sup>st</sup> Annual General Meeting held on October 12, 2012.
2. Consideration and adoption of the Northern Regional Committee's report and financial statements together with the auditor's report thereon for the year ended June 30, 2013.
3. Appointment of auditor(s) for the year ending June 30, 2014.
4. Any other business with the permission of the Chair.



Saifullah, FCA  
Honorary Secretary

Lahore : August 7, 2013



# **THE COMMITTEE'S REPORT TO THE MEMBERS**

## **THE NORTHERN REGIONAL COMMITTEE**



**The Institute of  
Chartered Accountants  
of Pakistan**

## THE COMMITTEE'S REPORT TO THE MEMBERS

It is indeed my privilege to present the annual report of Northern Regional Committee of the Institute of Chartered Accountants of Pakistan (ICAP) for the year ended 30 June 2013.

The core responsibility of the Northern Regional Committee (NRC) is to conduct trainings in the form of continuous professional development (CPD). CPD is a commitment by the members to continually update their skills and knowledge in order to remain professionally competent and achieve their true potential. In a rapidly changing environment with stiff and turbulent competition, the NRC provides a platform to the ICAP members so as to enable them to keep abreast of these changes, broaden their skills and be more effective in their professional work.

In addition to CPD, the NRC strives for providing refined socialization opportunities to the members and their families that usually comprise family get-to-gathers and children entertainments. On the academic side, the Committee manages and operates libraries in various cities in order to satisfy the needs of the members and the students. Moreover, the Committee also earnestly focuses on the CASA activities. It carried out a range of activities to promote professionalism and cultivate skills of the members

### CONTINUOUS PROFESSIONAL DEVELOPMENT

In the year 2012-2013, the NRC devotedly continued its endeavours to make available CPD opportunities to the members. It especially focused on increasing the frequency and quality of CPD events.

A variety of CPD activities, including organizing of seminars and workshops throughout the Region, in Lahore, Islamabad, Rawalpindi, Peshawar, Multan and Faisalabad were at the top of the priority list of the Committee, which greatly helped in nurturing the CPD.

The CPD Committees arranged seminars and organized various other workshops throughout the main cities of the Northern Region, which have proved to be instrumental in enhancing and polishing the skills of the members. Seminars and workshops were conducted on International Financial Reporting Standards (IFRS) and International Standards on Auditing (ISA). The topics involved practical implementation of the revisions made to the IFRSs during the year. Likewise, various programmes were conducted on the topics of Practical Reporting such as New Challenges on Corporate Reporting, Financial Statements Presentation & Disclosure as well as Code of Corporate Governance. Workshops on different ISAs were also held with special emphasis on practical application; for example, ISA-320 "Materiality in planning and performing an audit". The revision/training seminars and workshops on IFRSs and ISAs enabled our members to develop an advanced understanding of up-to-date knowledge of IFRSs and ISAs and would help them apply the gained knowledge to their respective work places.

The subject of Taxation and Secretarial Practices in Pakistan was also focused in the CPD activities. Subjects of Corporate Tax Planning and Corporate Tax Returns-Problems in filing and e-filing were the most interesting ones. Pre Budget and Post Budget seminars were also conducted in order to keep the members abreast of the changes made in the much anticipated Finance Bill 2013-14. Various other seminars and workshops were organized on secretarial practices focusing on the practical challenges faced by the members and included topics like Planning an Initial Public Offering and on requirements of Listing on the Stock Exchanges of Pakistan as well as the SECP Bill 2011.

## THE COMMITTEE'S REPORT TO THE MEMBERS

A few general yet very important topics discussed and appreciated by the members include the ones like Leadership for Economic Realities, From Benchmark to Bankrupt – Fraud Risk Management, Enhancing Interviewing Skills and Dealing with Conflicts etc.

### RECREATIONAL ACTIVITIES

An accountant's family life is often obstructed with work pressures, late sittings & deadlines. A timely and energizing break is always welcome to get away from such routine patterns. This break is more vigor if it is enjoyed with family and friends.

In line with the objective of organizing social events for the members and their families, the Northern Regional Committee Islamabad organized a family Get Together at Megazone, Fatima Jinnah Park F-9 Islamabad. The event included sumptuous Brunch, Bowling, Snooker and fun activities for members and their children.

A Family Get Together was organized by Northern Regional Committee in Peshawar for the local Peshawar members and their families on Saturday March 23<sup>rd</sup>, 2013 (**Pakistan Day**), in this respect the function was very colorful and well participated. The event includes sumptuous Brunch/Lunch, Children fun-activities like Jumping Castle, Rides, Face Painting, Music, Puppet, and Magic Shows. The participants were greatly pleased and they re-affirmed the need for holding such events for the members and their families.

### LIBRARIES

The Committee has maintained six libraries functioning in Islamabad, Lahore, Peshawar, Faisalabad and Multan. All out efforts have been made to improve and modernize the existing resources vis-à-vis add new facilities wherever required. All the libraries have been updated by providing the entire list of books demanded by the respective library committees. A new desk has also been set up in each library to receive demand from the students for procuring books not available in the library.

### MEMBERSHIP STRENGTH

The membership in the Region as on 30 June 2013 is 2,521 (2012: 2,297). A large number of 1,966 members are serving the industry and other commercial organizations followed by 555 members either in public practice or employed in practice. The membership also includes 47 Life members.

### CHARTERED ACCOUNTANTS STUDENT ASSOCIATION – NORTH (CASA-N)

In order to promote healthy activities and nurturing the abilities of the students, CASA-N organized CASA Cricket Tournament in March this year, an overwhelming response and positive feedback was received. Twelve teams from various firms participated in this activity and number of students from different firms visited and appreciated the event.

Another milestone of CASA-N activities has been the arranging of a session “Meeting with Council”, thereby providing, for the first time, an opportunity to the students to interact with the Council Members for sharing their views and highlighting their issues and concerns. The students found it to be very useful and productive.

## THE COMMITTEE'S REPORT TO THE MEMBERS

Several seminars & Workshops were conducted by CASA-N throughout the year, which greatly benefitted everyone particularly the students.

### AUDITOR'S APPOINTMENT

The Committee has unanimously recommended to re-appoint Mr. Shaukat Amin Shah as the auditor of NRC for the year ending June 30, 2014, on a remuneration to be mutually agreed.

### FINANCE AND ACCOUNTS

The financial statements depict a surplus of Rs. 445,190 for the current year. During the year, Rs. 2,146,250 were collected from members for the purpose of conducting Seminars and CPD activities. The committee directly spent Rs. 2,833,889 on Seminars and CPD activities, whereas, indirect expenses include salary of an employee amounting to Rs. 477,400 who devotes full time to the activities related to professional development of members.

### ACKNOWLEDGEMENT

I would like to express my sincere gratitude to all the members, in general; and, those who served on various committees, in particular, for their extended support, dedication and help in carrying out diverse activities through the year. In this respect CASA Management Committee as well as CPD and Library Committees of various cities merit to have my special thanks.

I would like not to forget the contributions made by all the guest speakers in CPD seminars and would look forward to having their participation in future events.

I take this opportunity to be grateful to the ICAP President, Vice President (North), Council Members, Regional Directorate and the Institute's staff for their valuable guidance and support for the smooth running of NRC affairs.

For and on behalf of the Committee.



**Muhammad Awais**  
Chairman

26 July, 2013  
Lahore

# SEMINAR DETAIL FOR THE YEAR ENDED JUNE 30, 2013

## LAHORE

Sr. No	Date	Topic	Speaker	Credit Hours
1	06.07.2012 07.07.2012	IFRS & IAS	Mr. Maqbool Ahmad, FCA	16
2	14.07.2012	Toastmaster Club Orientation	Mr. Mustafa Ahmad, ACA & Toastmaster Team	4
3	28.08.2012	Corporate Reporting -New challenges	Mr. Abul Rahim Suriya,FCA	4
4	15.09.2012	Enhancing Interviewing Skills	Mr. Atif Rahim	7
5	06.10.2012	Code of Corporate Governance	Mr. Iftikhar Mian Taj, FCA	4
6	19.12.2012	Filing of Efiling	Mr. Kamran Iqbal Butt, FCA	3
7	22.01.2013	IPO/Listing Planning	Mr. Affan Sajjad, ACA & Mr. Amir Khan Afridi	4
8	09.02.2013	IAS 1, Financial Statements Presentation	Mr. Yasir Riaz, FCA	4
9	26.02.2013	ISA 320 , Materiality in Planning and Performing an Audit	Mr. Khurram Jameel, FCA	4
10	08.03.2013	Amendments in Sales Tax	Mr. Kamran Iqbal Butt, FCA	4
11	29.03.2013	Stress Management	Dr. Shahzad Anwar	4
12	17.06.2013	Post Budget 2013-14	Mr. Shaukat Amin Shah, FCA & Mr. Asim Iftikhar, FCA	4
<b>Total Credit Hour</b>				<b>62</b>

## ISLAMABAD

Sr. No	Date	Topic	Speaker	Credit Hours
1	16.07.2012	Orientation Session - Islamabad Toastmasters Club	1. Akbar Jan Marwat DTM (President ITC) 2. Sajjad Ahmed DTM (Ex President ITC) 3. Mian Mohammad Ramzan (Ex President ICMAP Toastmasters Club Islamabad)	4
2	30.08.2012	Corporate Reporting - New Challenges	Mr. Abdul Rahim Suriya, FCA, FCMA	4
3	13.10.2012	Workshop on Enhancing Interviewing Skills	Mr. Atif Rahim Khan, (SPHR)	7
4	19.11.2012	Bilateral Investment (Pak & USA)	Dr. Maria Sultan, Director General, South Asian Strategic Stability Institute	4
5	29.11.2012	Code of Corporate Governance	Tajamal Shah, Director Legal, Pakistan Tobacco Company	3
6	28.12.2012	Wall Street Ideas - Financial Derivatives & Risk Management	Asim Shuaib, CA, Rogers Communications Inc.	3
7	15.02.2013	An Integrated Approach to Business Transformation	Mohammed Imani, Director Business Systems Consulting, Sidat Hyder Morshed Associates Pvt. Ltd.	3
8	27.02.2013	Workshop on ISA 320 – Materiality in Planning and Performing an Audit	Mr. Khurram Jameel ACA, Partner – Ernst & Young Ford Rhodes Sidat Hyder	4
9	12.04.2013	IPO Regulatory Framework & Listing	Mr. Javed Panni, Chief Executive, MJ Panni & Associates	3
10	04.05.2013	Workshop on IFRS	Mr. Khurram Jameel FCA, Partner – Ernst & Young Mr. Arif Nazeer ACA, Senior Manager – Ernst & Young	8
11	21.06.2013	Post Budget 2013-14 Seminar	Mr. Khalid Majeed, FCA – Direct Taxes Mr. Asim Zulfiqar Ali, FCA – Indirect Tax Dr. Ashfaq Hasan Khan – Economic issues Mian Muhammad Ramzan – Budget & Way forward for the Government	4
<b>Total Credit Hour</b>				<b>47</b>

# SEMINAR DETAIL FOR THE YEAR ENDED JUNE 30, 2013

## FAISALABAD

Sr. No	Date	Topic	Speaker	Credit Hours
1	30.08.2012	Introduction & Features of Islamic Banking	Dr. Khalil Ahmed Aazami, Ph.D	3
2	27.09.2012	Linear Programming Using Excel	Mr. Tahir Shafiq, ACA	3
3	07.11.2012	Corporate Reporting - New Challenges	Mr. Abdul Rahim Suriya, FCA, FCMA	4
4	18.01.2013	IFRS 9 - Financial Instruments	Mr. Zeeshan Abid, FCA	3
5	08.02.2013	Code of Ethics	Mr. Rana M. Usman Khan, FCA	3
6	22.02.2013	IPO/ Listing Planning	Mr. Affan Sajjad, ACA/ Mr. Amir M. Khan Afridi Director SMD	4
7	04.03.2013	Understanding and Impact of New SRO 98, for amendment in Sales tax special procedure (Withholding Rule2007	Mr. Nasir Jamal, FCMA	3
8	23.05.2013	Enterprise Resource Planning (ERP) Solutions	Mr. Tahir Shafiq, ACA	3
9	20.06.2013	Post Budget Seminar 2013-14	Mr. Shaukat Amin Shah, FCA Ch. Zahid Attique Advocate	4
<b>Total Credit Hour</b>				<b>30</b>

## MULTAN

Sr. No	Date	Topic	Speaker	Credit Hours
1	05.09.2013	Education in Subject of Commerce, SECP Bill 2011, Secretarial Practice in Pakistan	Mr. Abdul Wahid, FCA	3
2	20.10.2013	Financial Modeling and Corporate Valuations	Mr. Affan Sajjad, ACA	5
3	14.12.2013	Corporate Reporting - New Challenges	Mr. Kashif Adeel, ACA	4
4	24.06.2013	Post Budget Seminar 2013-2014	Mr. Shaukat Amin Shah, FCA Mr. Muhammad Younis Ghazi, FCA Dr. Imran Sharif	3
<b>Total Credit Hour</b>				<b>15</b>

## PESHAWAR

Sr. No	Date	Topic	Speaker	Credit Hours
1	09.07.2012	Post Budget 2013-13	Mr. Shaukat Amin Shah, FCA Mr. Fazal Amin Shah	3
2	15.09.2012 22.09.2012	Revision- IAS & IFRS	Mr. Safdar Shabir Awan, ACA	16
3	07.12.2012	Dealing with Conflicts	Mr. Kashif Maqbool Sehgal, ACA	3
4	09.02.2013	Financial Statements Presentation	Mr. Yasir Riaz, FCA	4
5	23.03.2013	Professional Ethics (Members Family Gala)		4
6	18.06.2013	Post Budget 2013-14	Mr. Shaukat Amin Shah, FCA Mr. Ishtiaq Ahmad, Advocate	4
<b>Total Credit Hour</b>				<b>34</b>

**Grand Total**      188



## **FINANCIAL STATEMENTS**

### **THE NORTHERN REGIONAL COMMITTEE**



**The Institute of  
Chartered Accountants  
of Pakistan**





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN REGIONAL COMMITTEE - INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN**

(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 2013 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.

(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 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Lahore  
26 July 2013



Shaukat Amin Shah  
Chartered Accountant

# STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2013

	Note	2013 (Rupees)	2012 (Rupees)
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	5	1,151,974	1,159,696
Current assets			
Investments - held to maturity	6	9,000,000	9,000,000
Due from ICAP	7	5,250	-
Accrued profits	8	216,820	206,056
Income tax refundable		199,308	193,177
Cash and bank balances	9	2,325,515	1,552,696
		11,746,893	10,951,929
<b>TOTAL ASSETS</b>		<b>12,898,867</b>	<b>12,111,625</b>
<b>FUND AND LIABILITIES</b>			
Fund Account	10	11,507,017	11,061,827
Non-Current liabilities			
Deferred capital grant	11	479,482	410,236
Restricted grants			
Grant received from ICAP for libraries up-gradation	12	198,117	308,387
Current liabilities			
Accrued expenses and other liabilities	13	494,651	176,825
Advance membership fee		219,600	154,350
		714,251	331,175
Contingencies and commitments	14	-	-
<b>TOTAL FUND AND LIABILITIES</b>		<b>12,898,867</b>	<b>12,111,625</b>

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

  
Chairman

  
Secretary

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 (Rupees)	2012 (Rupees)
<b>Income:</b>			
Seminars and CPD activities		2,146,250	2,215,448
Share in membership fee		1,813,175	1,669,600
Surplus from Golf Tournament-Islamabad		-	95,578
Profit on investments and saving accounts	15	931,160	1,015,086
Deferred capital grant released	11	41,024	36,377
		<u>4,931,609</u>	<u>5,032,089</u>
<b>Expenditure:</b>			
Seminars and CPD activities	16	2,833,889	2,932,286
Deficit in <i>NRC</i> Family get together	17	379,533	246,090
Administrative and general expenses	18	1,272,997	1,299,734
		4,486,419	4,478,110
Surplus carried to fund account		<u>445,190</u>	<u>553,979</u>

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

  
**Chairman**

  
**Secretary**

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2013

	2013 (Rupees)	2012 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Surplus for the year	445,190	553,979
Adjustments for:		
Depreciation	117,992	115,935
Deferred capital grant released	(41,024)	(36,377)
Profit on investment & saving accounts	(931,160)	(1,015,086)
	<u>(854,192)</u>	<u>(935,528)</u>
Surplus before working capital changes	(409,002)	(381,549)
Working Capital Changes:		
(Increase) / decrease in due from ICAP	(5,250)	399,418
(Increase) / decrease in other receivables	(53,100)	98,609
Increase / (decrease) in accrued expenses and other liabilities	317,826	118,372
Increase / (decrease) in advance membership fee	65,250	(224,050)
	<u>324,726</u>	<u>392,349</u>
Net cash inflows / outflows from operating activities	(84,276)	10,800
Income tax paid	(6,131)	(157,379)
Profit received on investment & saving accounts	973,496	1,563,785
	<u>883,089</u>	<u>1,417,206</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investments in Habib Metropolitan Bank Ltd	-	(633,000)
Addition to property, plant and equipment	(110,270)	(500,613)
Net cash outflows from investing activities	(110,270)	(1,133,613)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	-	-
Net increase in cash and cash equivalents	<u>772,819</u>	<u>283,593</u>
Cash and cash equivalents at the beginning of the year	1,552,696	1,269,103
Cash and cash equivalents at the end of the year	<u><u>2,325,515</u></u>	<u><u>1,552,696</u></u>

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

  
Chairman

  
Secretary

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## 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 30 JUNE 2013

- (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.

### 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

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 recognized 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 recognized 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

### 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 recognized 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 recognized 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 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

- Income from subscription, fee from members and from coaching classes is accounted for on receipt basis. following 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 recognized on accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

### 5 Property, plant and equipment

	Furniture	Library Books	Office Equipment	Air Conditioners and electrical items	Total
	(Rupees)				
<b>As at July 1, 2011</b>					
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
<b>Net carrying value basis</b>					
<b>Year ended June 30, 2012</b>					
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
<b>Gross carrying value basis</b>					
<b>As at June 30, 2012</b>					
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
<b>Net carrying value basis</b>					
<b>Period ended June 31, 2013</b>					
Opening net book value	262,307	582,254	207,624	107,511	1,159,696
Additions	-	110,270	-	-	110,270
Depreciation charged for the Period	(26,230)	(60,249)	(20,762)	(10,751)	(117,992)
Net Book value as at June 30, 2013	236,077	632,275	186,862	96,760	1,151,974
<b>Gross carrying value basis</b>					
<b>As on June 30, 2013</b>					
Cost	932,910	1,103,787	390,874	235,531	2,663,102
Accumulated depreciation	(696,833)	(471,512)	(204,012)	(138,771)	(1,511,128)
Net book value as on June 30, 2013	236,077	632,275	186,862	96,760	1,151,974
Depreciation rate (%)					
2013	10	10	10	10	
2012	10	10	10	10	

### 6 Investments - held to maturity

Habib Islamic Certificates

	2013 (Rupees)	2012 (Rupees)
	9,000,000	9,000,000
	<u>9,000,000</u>	<u>9,000,000</u>

These carry profit at 8.93 % per annum (2012: 10.50 % per annum) and will mature on 23 April 2014.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

### 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).

	2013 (Rupees)	2012 (Rupees)
<b>8 Accrued profit and other receivables</b>		
Investments	149,730	178,644
Saving accounts	13,990	27,412
Others	53,100	-
	<u>216,820</u>	<u>206,056</u>

### 9 Cash and bank balances

Cash at banks:

Saving accounts

Current accounts

Cash in hand

2,016,285	1,162,855
261,484	361,605
<u>2,277,769</u>	<u>1,524,460</u>
47,746	28,236
<u>2,325,515</u>	<u>1,552,696</u>

Effective interest rates during the year was 5% per annum (2012: 5% per annum).

### 10 Fund account

Opening balance

Add: Surplus for the year

11,061,827	10,507,848
445,190	553,979
<u>11,507,017</u>	<u>11,061,827</u>

### 11 Deferred capital grant

Library books

UPS for Islamabad library

Less: Deferred capital grant released

Opening balance

Depreciation on library books

Depreciation on UPS

504,583	394,313
52,300	52,300
<u>556,883</u>	<u>446,613</u>
36,377	-
36,212	32,193
4,812	4,184
<u>41,024</u>	<u>36,377</u>
77,401	36,377
<u>479,482</u>	<u>410,236</u>

### 12 Grant received from ICAP for libraries up gradation

Total grant received

Less: Deferred capital grant (Note 11 above)

755,000	755,000
556,883	446,613
<u>198,117</u>	<u>308,387</u>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

	2013 (Rupees)	2012 (Rupees)
<b>13 Accrued expenses and other liabilities</b>		
Audit fee	25,000	25,000
Payable to Chartered Accountant Students' Association North (CASA)	461,174	94,959
Others	8,477	56,866
	<u>494,651</u>	<u>176,825</u>

### 14 Contingencies and commitments

The Committee is not exposed to any contingencies and commitments.

### 15 Profit on investment & saving accounts

Profit on investments	862,473	937,252
Profit on saving accounts	68,687	77,834
	<u>931,160</u>	<u>1,015,086</u>

### 16 Seminar and CPD expenses

	Lahore (Rupees)	Islamabad (Rupees)	Faisalabad (Rupees)	Peshawar (Rupees)	Multan (Rupees)	Total (Rupees)
Refreshment	1,204,804	278,446	134,454	72,545	90,395	1,780,644
Speaker honorarium & shield	157,950	193,877	21,930	44,200	11,872	429,829
Printing stationery & postage	277,816	9,210	885	3,925	2,060	293,896
Traveling and Related	49,894	130,376	8,900	3,500	300	192,970
Photography video & multimedia	41,790	3,040	-	-	11,250	56,080
Hall rent	-	52,560	-	-	-	52,560
Others expenses	9,800	4,180	1,460	5,970	6,500	27,910

2013

<u>1,742,054</u>	<u>671,689</u>	<u>167,629</u>	<u>130,140</u>	<u>122,377</u>	<u>2,833,889</u>
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Refreshment	1,227,338	467,275	152,445	64,000	185,926	2,096,984
Speaker Honorarium & shield	200,400	57,971	15,000	10,000	27,195	310,566
Printing Stationery & Postage	200,731	22,233	4,500	5,522	6,578	239,564
Traveling & Related	115,528	35,000	8,800	2,978	19,670	181,976
Photography video & multimedia	42,000	23,082	2,500	1,500	7,500	76,582
Others Expenses	13,842	4,500	2,985	1,287	4,000	26,614

2012

<u>1,799,839</u>	<u>610,061</u>	<u>186,230</u>	<u>85,287</u>	<u>250,869</u>	<u>2,932,286</u>
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### 17 Deficit in NRC Family get together

Fee received from members	89,500	164,500
Less: expenditure on NRC family get together	(469,033)	(410,590)
	<u>(379,533)</u>	<u>(246,090)</u>

During the year NRC arranged family get together at Islamabad and Peshawar (2012: Lahore)

### 18 Administrative and general expenses

Salaries (Note 18.1)	673,017	614,762
Printing and stationery	154,775	213,685
Postage and telegram	3,360	19,566
Meeting expenses	85,908	81,947
Traveling and conveyance	155,611	204,983
Library expenses	33,763	13,022
Audit fee	25,000	25,000
Bank charges	6,071	3,574
Repair and maintenance	17,500	7,260
Depreciation (Note 5)	117,992	115,935
	<u>1,272,997</u>	<u>1,299,734</u>

18.1 Except salaries, no other benefit is paid to employees.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

### 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 one to three years	Between three to five years	Over five years
	( R U P E E S )					
2013						
Financial liabilities						
Accrued expenses and other liabilities	494,651	494,651	-	-	-	-
	<u>494,651</u>	<u>494,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	( 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>

#### 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. 11.547 million (2012: Rs. 10.758 million) as set out in note No. 19.6 below, those that are subject to credit risk aggregate to Rs. 11.449 million (2012: Rs. 10.730 million). As at June 30, 2013 approximately 99.59% (2012: 99.74%) of the financial assets of the committee that are subject to credit risk, are held with banks, majority of these having highest capacity for timely repayment (i.e. having credit rating at least 'A1+').

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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2013

	2013 (Rupees)	2012 (Rupees)
Investments	9,000,000	9,000,000
Due from ICAP	5,250	-
Accrued profit and other receivables	216,820	206,056
Bank balances	2,277,769	1,524,460
	<u>11,499,839</u>	<u>10,730,516</u>

During the year no asset have been impaired.

### 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

	2013			
	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
Due from ICAP	-	5,250	-	5,250
Accrued profit and other receivables	-	216,820	-	216,820
Cash and bank balances	-	2,325,515	-	2,325,515
	<u>9,000,000</u>	<u>2,547,585</u>	<u>-</u>	<u>11,547,585</u>
Financial liabilities				
Accrued expenses and other liabilities	-	-	494,651	494,651
	<u>-</u>	<u>-</u>	<u>494,651</u>	<u>494,651</u>

	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
Due from ICAP	-	-	-	-
Accrued profit and other receivables	-	206,056	-	206,056
Cash and 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>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

## 20 Transaction with related parties

The related parties of the Committee comprise of membership share from ICAP received during the year, transactions with CASA, receivable and received in advance and traveling related expenses reimbursement to NRC members. Transaction with ICAP and NRC members are as follow:

	2013 (Rupees)	2012 (Rupees)
Share in Membership fee Received from <i>ICAP</i>	1,813,175	1,669,600
Advance membership fee	219,600	154,350
Due from <i>ICAP</i>	5,250	-
Payable to Chartered Accountant Students' Association North ( <i>CASA</i> )	461,174	94,959
Traveling expenses reimbursed to <i>NRC</i> members	155,611	204,983
	<u>2,654,810</u>	<u>2,123,892</u>

## 21 Date of authorization

The financial statements were authorized for issue on 26 July 2013 by the committee.

## 22 General

22.1 Figures have been rounded off to the nearest rupee.

22.2 Corresponding figures of these financial statements have been re-arranged, wherever necessary for the purpose of comparison. No significant re-arrangements have been made during the year.

  
**Chairman**

  
**Secretary**





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