



The Institute of
Chartered Accountants
of Pakistan

CA
PAKISTAN

Annual Report

2017

Southern Regional Committee

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NOTICE OF THE MEETING

Notice is hereby given that the Fifty Sixth Annual General Meeting of the Southern Regional Committee of the Institute of Chartered Accountants of Pakistan will be held on Monday, September 11, 2017 at 6:00 p.m. at ICAP – Moosa D. Desai Auditorium, ICAP House, Clifton, Karachi to transact the following business:

1. Confirmation of the minutes of Fifty Fifth Annual General Meeting
2. Consideration of the Southern Regional Committee's (the Committee) report and audited financial Statements' for the year ended June 30, 2017 together with the auditor's report thereon
3. Any other business with the permission of the Chair

-Sd-

Syed Muhammad Adnan Rizvi, FCA
Honorary Secretary

Karachi: August 28, 2017

The Committee for the year 2016 - 2017



Abdul Rab, FCA
Chairman



Syed Muhammad Adnan Rizvi, FCA
Honorary Secretary



Mohammad Zulfikar Akhtar, FCA
CPD Convener



Arslan Khalid, FCA
Coordinator for CASA Activities / Library



Muhammad Junaid Shekha, FCA
Coordinator for CASA Activities / Library



Syed Asmatullah Shakerzai, ACA
CPD / CASA Coordinator



CHAIRMAN'S REPORT TO THE MEMBERS

Dear Members

The Southern Regional Committee (SRC or the Committee) of the Institute of Chartered Accountants of Pakistan (ICAP or the Institute) is responsible to provide its members with a platform for Continuing Professional Development (CPD) for professional updates and enhancement of soft skills, management of the library and coordination with Chartered Accountants Students' Association, South (CASA-S).

On behalf of the SRC, I am pleased to apprise you that the current year included numerous CPD activities and also two social events for the members.

CPD ACTIVITIES

CPD activities are provided through seminars, conferences and workshops. During the year we also continued the practice of organising webinars in collaboration with the Northern Regional Committee (NRC). Each year the SRC offers its members a diverse range of topics to choose from for their CPD requirements and is continuously striving to enhance the quality of CPD programmes.

This year the SRC organised 18 CPD Activities, comprising of seminars, workshops & webinars spread over 83.5 CPD Hours, covering various subjects such as the Challenges of Power Sector, Offshore Assets, Taxation, Start-ups, Fraud Risk Assessment, IFRS and Microsoft Excel. The programmes were attended both by members and non-members.

With a large number of newly qualified Chartered Accountants entering the profession and becoming members of our Institute we aim to extend various platforms of professional development to them as well.

Following is a detailed breakdown of CPD Activities & attendance at the events

Category	2016 – 17		2015 – 16	
	Number of Seminars	CPD Credit Hours	Number of Seminars	CPD Credit Hours
International Financial Reporting Standards (IFRS)	2	8.5	2	11
Audit	3	13	2	6.5
Accounting	3	35.5	1	16
Macro Economics	2	6	-	-
Taxation (including Pre and Post Budget Seminars)	3	12	3	10.5
Soft Skills / Entrepreneurship / Others	5	8.5	8	29.5
Total	18	83.5	16	73.5

Four of the above listed events in 2016-17 and two in 2015-16 were webinars.

The SRC is thankful to the members for their participation and encouragement due to which the seminars and workshops were a success.

NUMBER OF PARTICIPANTS	2016-2017	2015-2016
Members	1,911	1,794
Non-members	771	703
Total	2,682	2,497

SOCIAL EVENTS

Over the years, the SRC has maintained its mandate of work-life balance, keeping that in view the SRC has provided social platforms for its members and their families. The Annual Dinner was organised in November 2016 and attended by 750 members; ranging from senior professionals to recently qualified Chartered Accountants. A headline social event is the Annual Family Get together which was organised in January 2017 at Chunky Monkey and was well received by the members.

CERTIFICATES' DISTRIBUTION CEREMONY

The bi-annual Certificates' Distribution Ceremonies were organised in November 2016 and April 2017 for the newly qualified Chartered Accountants under the aegis of the SRC where by the themes selected were **"Imagine.Believe.Achieve"** and **"Success is a Journey, not a Destination"**, respectively.

CHARTERED ACCOUNTANTS STUDENTS' ASSOCIATION, SOUTH (CASA-S)

In addition to catering for the CPD requirements of members the SRC also oversees the affairs of the CASA-S and the library. A role of mentoring and guidance is provided to the elected members and opportunities for learning and development are created for the student body.

Exam based seminars and workshops were organised for the finalists to provide them with an opportunity for better revision and examination techniques. Tax manuals and relevant magazines were added to the library for the benefit of the students.

FINANCE AND ACCOUNTS

The financial statements reflect a surplus of Rs.1.45 million for the current year. During the year an amount of Rs. 3.16 million was received from ICAP on account of Members' subscription fee. Further Rs. 10.30 million was collected and Rs. 8.56 million was spent on CPD activities. Further Rs. 1.11 million was collected and Rs. 3.22 million was spent on social events.

COMMITTEE MEETINGS

During the year 12 meetings were held. Details of attendance are listed below:

Abdul Rab	10
Syed Muhammad Adnan Rizvi	12
Mohammad Zulfikar Akhtar	07
Arslan Khalid	09
Muhammad Junaid Shekha	12
Syed Asmatullah Shakerzai	05 (via telephone)

CONDOLENCES

The following members of our Institute from the Southern Region departed for heavenly abode.

S #	Member's Name	Reg No.
1	Shamim Ahmed Syed, FCA	95
2	Sajjad Haider, FCA	109
3	Fida Ali Adeeb, FCA	276
4	M.F. Zaman Qureshi, FCA	504
5	Ziauddin Babri, FCA	554
6	Usman Ghani Akbani, FCA	750
7	Farhat Hussain Khan, FCA	838
8	Khadim Hussain, FCA	860
9	Arshad Saeed Sheikh, FCA	985
10	Shaikh Jalaluddin, FCA	1105
11	Syed Mohammad Husain, FCA	1619
12	Mohammad Hanif, FCA	1939
13	Muhammad Usman, ACA	6312

The SRC acknowledges the valuable contribution of the deceased members towards the Institute. We pray that may Allah Almighty give them a place in heaven and may their families have the strength to bear with this irrecoverable loss.

ACKNOWLEDGEMENT

On behalf of SRC, I would like to thank the President, Past Presidents, Council Members, ICAP COO / Secretary and Fellow Members for their guidance, support and patronage.

I am thankful to the entire team at the SRC office for their excellent support provided throughout the year

Regards,

-Sd-

Abdul Rab, FCA
Chairman SRC

August 28, 2017

CPD Activities held from July 01, 2016 to June 30, 2017

S#	Date	Seminar / Workshop	CPD Hours	Number of Participants Members	Number of Participants Non-Members	Total Number of Participants	Speakers / Session Chairperson
1	Aug 10, 2016	Interactive Session on Net Capital Balance	3.5	86	12	98	Speakers: Mian Muhammad Imran Syed Ahmad Abbas Mustafa Farooq, ACA Rehan Saif Session Chairman: Tanweer Alam, FCA
2	Sep 16, 2016	Seminar on Power Sector Challenges and Way Forward	3.5	78	22	100	Speakers: Younus Dagha Mehfooz Qazi Shamsuddin Shaikh Session Chairman: Syed Asad Ali Shah, FCA
3	Sep 20, 2016	Seminar on Income Tax Returns and Valuation of Property	3.5	128	59	187	Speakers: Haider Ali Patel, FCA Abid Shahban S.M. Shabbar Zaidi, FCA Session Chairman: Rehmatullah Wazir
4	Oct 25-26, 2016	Workshop on Power Excel	16	7	9	16	Trainer: Saad Usman, FCA
5	Nov 29, 2016	Seminar on Ethical Blindness for Accounting, Finance and Audit Professionals	2.5	52	31	83	Speakers: Muhammad Fayyaz Kerawala Hasnain R. Badami, ACA
6	Dec 06, 2016	Seminar on IFRS 9: New Accounting Model for Financial Instruments	4.5	187	60	247	Speaker: Arslan Khalid, FCA Panellists: Noman Abbas Sheikh, FCA Lubna Farooq Malik Muhammad Farhanullah Khan, FCA Moderator: Amyr Malik, FCA Session Chairman: Farrukh Rehman, FCA Chief Guest: Haroon Rasheed

7	Dec 23, 2016	Seminar on IFRS	4	143	64	207	Speaker: Yusuf Hassan Session Chairman: Amir Jamil Abbasi, FCA
8	Jan 13, 2017	Seminar on Startup Pakistan	2.5	50	24	74	Speaker: Nadeem Hussain Panellists: Furqan Kidwai Arif Sirhindi Yassir Pasha Salman Hasan Session Chairman: Syed Salim Raza
9	Jan 30, 2017	Live Webinar: Living Business Models for Strategic and Operational Performance	1.5	23	2	25	Trainer: Kim Warren
10	Feb 23, 2017	Live Webinar: Decoding Steve Jobs: 10 Steps for Building an Insanely Great Company	1.5	23	0	23	Trainer: Dr. Mark Goulston
11	March 9, 2017	Seminar on Offshore Assets	2.5	170	27	197	Speaker: S.M. Shabbar Zaidi, FCA Session Chairman: Syed Masoud Ali Naqvi, FCA
12	March 15, 2017	Live Webinar: Are you leading at the edge of your potential	1.5	35	0	35	Speaker: Prof. George Kohlrieser
13	April 03, 2017	Seminar on Fraud Risk Assessment	2.5	52	29	81	Speaker: Sanjeev Gathani Session Chairman: Farrukh V. Junaidy, FCA
14	April 24, 2017	Pre-Budget Seminar	4	190	153	343	Speakers: Haider Ali Patel, FCA Asif Haroon, FCA Ehsan Malik, FCA Moderator: Muhammad Junaid Shekha, FCA Session Chairman: Muhammad Ayaz The speakers also acted as the panellists

15	April 26, 2017	Workshop on Report Writing Skills	8	5	27	32	Trainers: Hasnain R. Badami, ACA Mohammad Danish, ACA
16	May 10, 2017	Live Webinar: The Mindful Decision Maker	1.5	30	0	30	Speaker: Dr. Ianna F. Contardo
17	May 17-18, 2017	Workshop on Power Excel	16	5	14	19	Trainer: Saad Usman, FCA
18	June 05, 2017	Post Budget Seminar	4.5	647	238	885	Speakers: Saqib Masood, FCA Adnan Mufti, FCA Dr. Ashfaque Hasan Khan Dr. Ishrat Husain Panellists: S.M. Shabbar Zaidi, FCA Syed Asad Ali Shah, FCA Arif Habib Moderator: Rashid Ibrahim, FCA Session Chairman: Rehmatullah Khan Wazir
	Total		83.5	1,911	771	2,682	

CLASSIFICATION OF MEMBERS

June 30, 2017

Based in Pakistan

Category	ACA	FCA	Total
Public Practice	199	281	480
Employed in Practice	507	28	535
Financial Institutions/Banks	208	147	355
Education	33	28	61
Government	11	15	26
Power Generation and Distribution	48	20	68
Engineering	20	24	44
Telecommunication	14	18	32
Oil and Gas	63	57	120
Information Technology	16	8	24
Chemicals/Paints	18	11	29
Cement/Ceramics	13	9	22
Consumer Goods	40	6	46
Automotive	25	8	33
Textile	24	31	55
Construction	14	5	19
Fertilizer/Agriculture	12	5	17
Food, Beverages and Restaurants	36	14	50
NGOs/Social Services	7	3	10
Shipping & Marine	15	6	21
Healthcare and Pharmaceutical	55	40	95
Electronics	11	6	17
Sugar and Allied	7	6	13
Transport / Logistics / Courier Services	21	7	28
Commerce and Industry	539	290	829
Senior Members	5	196	201
Sub Total	1,961	1,269	3,230
Based outside Pakistan			
Overseas Non-Practicing	612	454	1,066
Overseas Practicing	2	12	14
Overseas Senior Members		45	45
Sub Total	614	511	1,125
Grand Total	2,575	1,780	4,355

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

I have audited the financial statements of Southern Regional Committee – ICAP (the Committee), which comprises the balance sheet as at June 30, 2017, and the statement of comprehensive income, statement of cash flow and statement of changes in funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Committee as at June 30, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified by the SECP.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Committee in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Committee of Chartered Accountants of Pakistan (the Code), and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board (IASB) as notified by the SECP, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Committee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Committee or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Committee's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Committee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Committee's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Committee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

- Sd -

**QASIM EBRAHIM CAUSER
CHARTERED ACCOUNTANT
KARACHI**

DATED: AUGUST 18, 2017

**SOUTHERN REGIONAL COMMITTEE - ICAP
BALANCE SHEET
AS AT JUNE 30, 2017**

	Note	2017 -----Rupees-----	2016
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,415,335	409,118
Long-term investments	4	20,828,484	19,737,161
		<u>22,243,819</u>	<u>20,146,279</u>
CURRENT ASSETS			
Short-term investments	5	3,357,003	3,300,000
Other receivables	6	2,213,619	2,796,209
Due from Chartered Accountants Students' Association (CASA) - South	7	24,690	79,959
Cash and bank balances	8	1,704,576	897,113
		<u>7,299,888</u>	<u>7,073,281</u>
CURRENT LIABILITIES			
Creditors and other payables	9	2,564,665	1,675,604
NET CURRENT ASSETS		<u>4,735,223</u>	<u>5,397,677</u>
LONG TERM LIABILITIES AND FUNDS			
Deferred income			
Library Development Fund	10	42,412	52,976
Restricted Funds			
Library Development Fund	11	592,180	592,180
NET ASSETS		<u><u>26,344,450</u></u>	<u><u>24,898,800</u></u>
REPRESENTED BY			
Accumulated Fund		26,344,450	24,742,752
H. J. Irani Memorial Fund		-	156,048
		<u><u>26,344,450</u></u>	<u><u>24,898,800</u></u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

- Sd -

**ABDUL RAB
CHAIRMAN**

- Sd -

**SYED MUHAMMAD ADNAN RIZVI
HONORARY SECRETARY**

**SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 -----Rupees-----	2016
INCOME			
Members' subscriptions		3,157,189	2,953,285
Members' programmes		10,298,324	7,644,289
Fees charged on social events		1,108,500	982,800
Return on investments		1,291,214	1,396,894
Others		11,004	16,156
		<u>15,866,231</u>	<u>12,993,424</u>
EXPENDITURE			
Cost incurred on members' programmes	12	8,557,498	7,218,559
Cost incurred on social events	13	3,215,321	2,822,041
Operating expenses	14	1,201,131	1,313,132
Library operations	15	1,268,602	1,112,509
CASA conference	16	-	618,202
Annual general meeting expenses		128,029	57,349
Audit fee		50,000	50,000
		<u>14,420,581</u>	<u>13,191,792</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>1,445,650</u>	<u>(198,368)</u>
OTHER COMPREHENSIVE INCOME		-	-
SURPLUS / (DEFICIT) FOR THE YEAR TRANSFERRED TO ACCUMULATED FUND		<u>1,445,650</u>	<u>(198,368)</u>

The annexed notes from 1 to 22 form an integral part of these financial statements.

- Sd -

**ABDUL RAB
CHAIRMAN**

- Sd -

**SYED MUHAMMAD ADNAN RIZVI
HONORARY SECRETARY**

**SOUTHERN REGIONAL COMMITTEE - ICAP
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

Note	2017 -----Rupees-----	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus / (deficit) for the year	1,445,650	(198,368)
Return on investment held under H. J. Irani Memorial Fund	4,000	9,016
	1,449,650	(189,352)
Adjustment for non cash and other items		
Depreciation	154,728	78,671
Loss on sale of property, plant and equipment	16,404	-
Return on investments	(1,291,214)	(1,396,894)
Return on investments held under H. J. Irani Memorial Fund	(4,000)	(9,016)
Amortization of deferred income	(10,564)	(13,356)
	(1,134,646)	(1,340,595)
Decrease / (increase) in current assets		
Other receivables	582,590	108,872
Due from CASA - South	55,269	(79,959)
	637,859	28,913
Increase / (decrease) in current liabilities		
Creditors and other payables	889,061	745,621
Due to CASA - South	-	(32,947)
	889,061	712,674
Net cash generated from / (used in) operating activities	1,841,924	(788,360)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,225,190)	(126,000)
Proceed from sale of property, plant and equipment	47,841	-
Return on investments received	1,142,887	1,281,819
Investments made during the year	(1,000,000)	(4,000,000)
Net cash used in investing activities	(1,034,462)	(2,844,181)
Net increase / (decrease) in cash and cash equivalents	807,463	(3,632,541)
Cash and cash equivalents at the beginning of the year	897,113	4,529,654
Cash and cash equivalents at the end of the year	1,704,576	897,113

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The annexed notes from 1 to 22 form an integral part of these financial statements.

- Sd -

**ABDUL RAB
CHAIRMAN**

- Sd -

**SYED MUHAMMAD ADNAN RIZVI
HONORARY SECRETARY**

**SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Accumulated Fund	H. J. Irani Memorial Fund	Total
	-----	-----	-----
	Rupees		
Balance as at July 1, 2015	24,941,120	147,032	25,088,152
(Deficit) / surplus for the year	(198,368)	9,016	(189,352)
Balance as at June 30, 2016	24,742,752	156,048	24,898,800
Surplus for the year	1,441,650	4,000	1,445,650
Transferred to accumulated fund	160,048	(160,048)	-
Balance as at June 30, 2017	26,344,450	-	26,344,450

The Council of the Institute in its meeting held on February 18, 2017 decided to merge H.J. Irani Memorial Fund to General Fund of the Southern Regional Committee.

The annexed notes from 1 to 22 form an integral part of these financial statements.

- Sd -

**ABDUL RAB
CHAIRMAN**

- Sd -

**SYED MUHAMMAD ADNAN RIZVI
HONORARY SECRETARY**

**SOUTHERN REGIONAL COMMITTEE - ICAP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

1. LEGAL STATUS

The Southern Regional Committee (the Committee) has been constituted by the Council of the Institute of Chartered Accountants of Pakistan (Institute) under Section 20 of the Chartered Accountants Ordinance, 1961 to carry out the functions as laid down in bye-law 90 of the Chartered Accountants Bye- Laws, 1983. The registered address of the Committee is situated at Chartered Accountants Avenue, Clifton, Karachi.

2. SIGNIFICANT ACCOUNTING POLICIES

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 comprise 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 Basis of measurement

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies herein below.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional currency of the Committee and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

2.4 New and amended standards and interpretations

2.4.1 Standards, interpretations and amendments to accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on January 1, 2016 and are considered to be relevant to the Committee's operations:

- a) IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provide clarification on number of issues, including:

Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.

Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity’s financial position or performance. There is also new guidance on the use of subtotals.

Notes – confirmation that the notes do not need to be presented in a particular order.

Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

- b) IAS 16, 'Property, Plant and Equipment' - Amendments regarding the clarification of acceptable methods of depreciation and amortisation and amendments bringing bearer plants into the scope of IAS 16.
- c) IAS 38, 'Intangible Assets' - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.

The above amendments/interpretations do not have any significant impact on these financial statements.

2.4.2 Standards, interpretations and amendments to accounting standards that are effective but not relevant

There are certain other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 which are considered not to be relevant or to have any significant effect on the Committee's financial reporting and operation and hence have not been detailed here.

2.4.3 Standards, interpretations and amendments to accounting standards that are not yet effective and have not been early adopted by the Committee.

The following are the new standards and amendments to approved accounting standards which are not effective for the financial year beginning on or after July 1, 2016 and have not been early adopted by the Committee:

- a) IFRS 9, 'Financial Instruments' is applicable on accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial instruments', which replaces the guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. This IFRS is under consideration of SECP and the relevant committee of the Institute. The Committee has yet to assess the impact of these changes on its financial statements.
- b) IFRS 15, 'Revenue from Contracts with Customers' is applicable on accounting periods beginning on or after January 1, 2018. The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of goods or services transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application, i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The Committee has yet to assess the impact of this standard on its financial statements.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not yet relevant to the Committee and, therefore, have not been presented here.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged using the reducing balance method at the rates specified in note 3. Depreciation on additions is charged from the month in which an asset is purchased, whereas on disposals, depreciation is charged upto the month prior to the month of disposal.

Normal repairs and maintenance are charged to income as and when incurred. The carrying amounts of the Committee's assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognised in the statement of income and expenditure. Reversal of impairment loss is restricted to the original cost of the asset.

Any item of property, plant and equipment received free of cost are recognised on nominal values.

2.6 Financial instruments

2.6.1 Financial assets

The Committee classifies its financial assets in the following categories:

(a) Held to maturity

Financial assets with fixed or determinable payments and fixed maturities, where the Committee's management has intention and ability to hold till maturity are classified in this category.

(b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than twelve months after the reporting date, which are classified as non-current assets.

(c) Available-for-sale

These financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Recognition and measurement

Financial instruments are measured initially at fair value (transaction price) plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, instruments classified as 'available for sale' are measured at fair value. Changes in the fair value of instruments classified as 'available for sale' are recognised in 'other comprehensive income' until derecognised or impaired, when the accumulated fair value adjustments recognised in other comprehensive income are included in the income or expenditure for the year.

Financial assets classified as 'held to maturity' or 'loans and receivables' are carried at amortised cost using the effective yield method, less impairment losses, if any.

The Committee follows trade date accounting for purchase and sale of investments.

2.6.2 Financial liabilities

Financial liabilities are measured at amortised cost using the effective yield method.

2.7 Offsetting of financial instruments

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when the Committee has a legally enforceable right to off-set the recognised amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.8 Impairment

2.8.1 Impairment in 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.

2.8.2 Impairment in 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.

2.9 Cash and cash equivalents

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

2.10 Creditors, accrued and other liabilities

Liabilities for creditors and other amounts payable 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 Institute.

2.11 Provisions

Provisions are recognised in the balance sheet when the Committee has a legal or constructive obligation as a result of past events and it is probable that out flow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

2.12 Revenue recognition

- Members' programmes represent fees from CPD activities that are recognised as income when CPD activities are held.
- Sponsorships are recognised when a firm commitment is received.
- Members' subscriptions are taken as income on receipt basis.
- Profit on investments is accounted for as income through the amortisation process using the effective interest rate method.
- Return on PLS deposits is accounted for on accrual basis.
- Donations are accounted for on receipt basis.

2.13 Related party transactions

Transactions with related parties are based on arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

2.14 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.

Funds utilised for capital expenses including capital work-in-progress are transferred to the deferred income 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 'Amortization of deferred income' in the statement of income and expenditure.

2.15 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the basis as stated in note 2.2 requires the use of certain critical accounting estimates. It also requires the Committee to exercise its judgment in the process of applying the Committee's accounting policies. The area involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements includes determination of the useful life and residual value of operating fixed assets.

3 PROPERTY, PLANT AND EQUIPMENT

Description	Library			Others					Total
	Books	Furniture	Air Conditioners	Equipment	Furniture	Equipment	Air Conditioners	Computers	
As at July 01, 2015									
Cost	652,302	721,383	475,381	23,800	180,323	72,450	75,235	475,197	2,676,071
Accumulated depreciation	(636,211)	(583,906)	(399,697)	(16,344)	(152,935)	(41,581)	(68,730)	(388,444)	(2,287,848)
Net book value	16,091	137,477	75,684	7,456	27,388	30,869	6,505	86,753	388,223
Year ended June 30, 2016									
Opening net book value	16,091	137,477	75,684	7,456	27,388	30,869	6,505	86,753	388,223
Additions	60,000	-	-	-	-	-	-	66,000	126,000
Disposals	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	50,000	50,000
Accumulated depreciation	-	-	-	-	-	-	-	(23,566)	(23,566)
Depreciation for the year	(13,820)	(13,315)	(10,809)	(1,065)	(2,654)	(4,409)	(929)	26,434	26,434
Closing net book value	62,271	124,162	64,875	6,391	24,734	26,460	5,576	94,649	409,118
Year ended June 30, 2016									
Cost	712,302	721,383	475,381	23,800	180,323	72,450	75,235	491,197	2,752,071
Accumulated depreciation	(650,031)	(597,221)	(410,506)	(17,409)	(155,589)	(45,990)	(69,659)	(396,548)	(2,342,953)
Net book value	62,271	124,162	64,875	6,391	24,734	26,460	5,576	94,649	409,118
Year ended June 30, 2017									
Opening net book value	62,271	124,162	64,875	6,391	24,734	26,460	5,576	94,649	409,118
Additions	18,400	-	-	-	-	-	-	65,500	1,225,190
Disposals	-	-	-	-	-	-	-	-	-
Cost	-	96,590	200,000	7,200	-	102,170	-	151,050	557,010
Accumulated depreciation	-	(70,978)	(182,046)	(5,892)	-	(85,719)	-	(148,130)	(492,765)
Depreciation for the year	(19,651)	25,612	17,954	1,308	-	16,451	-	2,920	64,245
Closing net book value	61,020	86,687	37,832	4,188	22,371	6,302	4,795	125,055	1,415,335
Year ended June 30, 2017									
Cost	730,702	624,793	275,381	16,600	180,323	(29,720)	75,235	405,647	3,420,251
Accumulated depreciation	(669,682)	(538,106)	(237,549)	(12,412)	(157,952)	36,022	(70,440)	(280,592)	(2,004,916)
Net book value	61,020	86,687	37,832	4,188	22,371	6,302	4,795	125,055	1,415,335
Annual rate of depreciation (% per annum)	33	10	15	15	10	15	15	33	20

3.1 Depreciation for the year has been allocated as follows:

Note	2017	2016
		---Rupees---
14	113,228	39,665
15	41,500	39,006
	<u>154,728</u>	<u>78,671</u>

	Note	2017 -----Rupees-----	2016
4 LONG-TERM INVESTMENTS			
Held to maturity			
Certificates of Islamic Investments	4.1	<u>20,828,484</u>	<u>19,737,161</u>
4.1 This represents Certificates of Islamic Investments of a bank aggregating to Rs. 20,381,127 (2016: Rs. 19,389,187). These certificates carry profit at rates ranging from 5.26% to 5.61% (2016: 5.27% to 7.88%) per annum and are maturing on various dates upto June 29, 2022. Accrued profit aggregating to Rs. 447,357 (2016: Rs. 347,974) is included in the carrying value.			
5 SHORT-TERM INVESTMENTS			
Held to maturity			
Certificates of Islamic Investments	5.1	<u>3,357,003</u>	<u>3,300,000</u>
5.1 This represents Certificates of Islamic Investments of a bank having face value aggregating to Rs.3,301,930 (2016: Rs. 3,300,000). These certificates carry profit at rates ranging from 4.79% to 5.60% (2016: 4.80% to 7.63%) per annum and are maturing on various dates upto June 25, 2018. Accrued profit aggregating to Rs. 55,073 (2016: Nil) is included in the carrying value.			
6 OTHER RECEIVABLES			
Receivable from ICAP			
on account of expenses		96,000	-
on account of Seminar fee		651,000	791,800
on account of CASA		9,600	17,400
on account of Award Ceremony		-	1,387,921
Profit receivable on Certificate of Islamic Investment /			
bank deposits		194,419	211,154
Insurance claim receivable for loss of fixed asset		-	26,434
Seminar fee receivable		1,259,500	361,500
Other		3,100	-
		<u>2,213,619</u>	<u>2,796,209</u>

	Note	2017 -----Rupees-----	2016
7 DUE FROM CASA - SOUTH			
Opening balance		79,959	(32,947)
Received on behalf of CASA		(92,100)	(512,948)
Expenses incurred on behalf of CASA		36,831	625,854
		<u>24,690</u>	<u>79,959</u>
8 CASH AND BANK BALANCES			
Cash in hand		24,688	15,924
Cash at banks in:			
Current account		1,197,477	140,294
Savings account	8.1	482,411	740,895
		<u>1,679,888</u>	<u>881,189</u>
		<u>1,704,576</u>	<u>897,113</u>
8.1 This carries mark-up at rates ranging from 4.69% to 4.70% (2016: 5.40% to 5.85%) per annum.			
9 CREDITORS AND OTHER PAYABLES			
Creditors and accrued liabilities		2,199,775	209,500
Subscriptions received in advance from members		357,000	467,250
Payable to Institute		7,890	998,854
		<u>2,564,665</u>	<u>1,675,604</u>
10 DEFERRED INCOME - LIBRARY DEVELOPMENT FUND			
Opening balance		52,976	66,332
Amortization for the year		(10,564)	(13,356)
		<u>42,412</u>	<u>52,976</u>
11 LIBRARY DEVELOPMENT FUND			

The Committee received a grant aggregating to Rs. 755,000 from the Council of the Institute of Chartered Accountants of Pakistan for renovation / upgradation of library in 2012. The balance of Rs. 592,180 (2016: Rs. 592,180) represents the un-utilized fund as of June 30, 2017.

	Note	2017	2016
		-----Rupees-----	
12 COST INCURRED ON MEMBERS' PROGRAMMES			
Salaries and allowances		1,902,739	1,602,484
Printing, stationery and postage charges		850,103	1,081,558
Venue & meals charges - pre and post budget seminar		2,595,269	1,196,427
Venue & meals charges - other seminars and workshops		1,634,624	1,373,156
Speakers' fees and other charges		729,729	1,282,975
Travelling and accommodation		223,432	132,361
Photographs, videos, projector, screen and sound system		419,834	402,600
Mementos / gifts		100,700	49,700
Others		101,068	97,299
		<u>8,557,498</u>	<u>7,218,559</u>
13 COST INCURRED ON SOCIAL EVENTS			
Family get-together		1,476,310	1,181,926
Members annual dinner		1,739,011	1,640,115
		<u>3,215,321</u>	<u>2,822,041</u>
14 OPERATING EXPENSES			
Salaries and allowances		769,935	703,944
Printing and stationery		209,247	218,515
IT and communication expenses		47,529	46,668
Conveyance		5,021	8,250
Depreciation	3.1	113,228	39,665
Others		56,171	296,090
		<u>1,201,131</u>	<u>1,313,132</u>
15 LIBRARY OPERATIONS			
Salaries and allowances		1,038,984	1,006,923
Depreciation	3.1	41,500	39,006
Refreshment for students		60,000	60,000
Newspaper, journals and magazine		87,435	-
Others		40,683	6,580
		<u>1,268,602</u>	<u>1,112,509</u>

16 OPERATING RESULTS BY ACTIVITIES

ACTIVITIES	Income	Expenditure	2017	2016
			Surplus / (deficit)	Surplus / (deficit)
			----- Rupees -----	
CPD programs	10,298,324	8,557,498	1,740,826	425,730
Social events	1,108,500	3,215,321	(2,106,821)	(1,839,241)
Library operations	10,564	1,268,602	(1,258,038)	(1,099,153)
	11,417,388	13,041,421	(1,624,033)	(2,512,664)
Members subscription			3,157,189	2,953,285
Return on investments			1,291,214	1,396,894
Other income			440	2,800
			4,448,843	4,352,979
Operating expenses			(1,201,131)	(1,313,132)
CASA conference			-	(618,202)
Annual general meeting expenses			(128,029)	(57,349)
Audit fee			(50,000)	(50,000)
			(1,379,160)	(2,038,683)
Surplus / (deficit) for the year			1,445,650	(198,368)

- 16.1** During the year, SRC has contributed nil (2016: Rs. 618,202) to meet the deficit in respect of CASA Conference.

17 TRANSACTIONS WITH RELATED PARTY

The related parties of the Committee comprise of employees retirement benefit plans and the Institute. Amounts due from and to related parties are shown under receivables and payables. Other significant transaction with related parties are as follows:

Relationship with the Committee	Nature of Transactions	2017 -----Rupees-----	2016
Transactions during the year:			
Staff retirement benefit plans	Contribution paid to Provident fund	191,929	176,586
Institute:	Seminar / workshop fees for Member's programmes	70,000	53,000
	Reimbursement of expenses	3,244,625	2,277,158
Balances at year end:			
Institute:	Receivable from the Institute	756,600	2,197,121
	Payable to the Institute	7,890	998,854

	2017	2016
	-----Rupees-----	
18 FINANCIAL INSTRUMENTS BY CATEGORY		
Financial assets - Loans and receivables		
Long-term investments	20,828,484	19,737,161
Short-term investments	3,357,003	3,300,000
Other receivables	2,213,619	2,796,209
Due from CASA	24,690	79,959
Cash and bank balances	1,679,888	881,189
	<u>28,103,684</u>	<u>26,794,518</u>
Financial liabilities measured at amortised cost		
Creditors and other payables	2,199,775	209,500
	<u>2,199,775</u>	<u>209,500</u>

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Committee finances its operations from the revenue received through members subscriptions and program fees. Apart from this, the Committee also earns income from markup received on investments and bank deposits.

19.1 Financial risk factors

The Committee has overall responsibility for the establishment and oversight of the risk management framework. The Committee's operations expose it to financial risk, credit risk, liquidity risk and interest rate risk.

19.1.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date, if counter parties failed completely to perform as contracted.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

The Committee is exposed to credit risk on all financial assets except cash in hand. The Committee seeks to minimize the credit risk exposure through having exposures only with the banks having minimum credit rating of 'A' in long term and 'A1' in short term rated by independent credit rating agencies. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

The carrying amounts of financial assets that represent Institute's maximum credit exposure as at the reporting date are as follows:

	2017	2016
	-----Rupees-----	
Long term investment	20,828,484	19,737,161
Short term investments	3,357,003	3,300,000
Other receivables	1,457,019	572,654
Bank balances	1,679,888	881,189
	<u>27,322,394</u>	<u>24,491,004</u>

19.1.2 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

Cash at bank, short-term investments and long-term investments

Rating*

AA	<u>25,865,375</u>	<u>24,071,527</u>
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* Latest available rating assigned by JCR-VIS as at June 30, 2017.

19.1.3 Liquidity risk

Liquidity risk is the risk that the Committee will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Committee could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Committee's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Committee's reputation.

	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years
	----- (Rupees) -----			
2017				
Non-Derivative Financial liabilities				
Creditors and other payables	2,199,775	2,199,775	-	-
	<u>2,199,775</u>	<u>2,199,775</u>	<u>-</u>	<u>-</u>
2016				
Non-Derivative Financial liabilities				
Creditors and other payables	1,208,354	1,148,354	60,000	-
	<u>1,208,354</u>	<u>1,148,354</u>	<u>60,000</u>	<u>-</u>

19.1.4 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Committee is exposed to interest rate risk only.

19.1.4.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The financial instruments which are exposed to interest rate risk comprise of long term investments, short term fund investment and short term investments. As at year end, had there been an increase / decrease of 100 basis points in the profit rates, with all other variables held constant, total comprehensive surplus for the year would have been higher / lower by Rs. 227,050.

19.1.4.2 Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Committee does not have any financial instruments in foreign currencies at the reporting date.

19.1.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Committee is not exposed to other price risk as at year end.

19.1.5 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is the presumption that the Committee is going concern and there is no intention or requirement to curtail materially the scale of its operation or to undertake a transaction on adverse terms.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (adjusted) in active markets for identical assets or liabilities [Level 1].
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) [Level 2].
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) [Level 3].

Currently, there are no financial assets or liabilities measured at fair value in the financial statements which are classified under Level 1, 2 or 3.

There were no transfers amongst the levels during the current and preceding year. The Committee's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

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

Valuation techniques used to determine fair values

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no other material Level 1, 2 or 3 assets or liabilities during the current and preceding year.

20 NUMBER OF EMPLOYEES

The Committee had 4 full time employees as at June 30, 2017 (2016: 4).

21 DATE OF AUTHORISATION

These financial statements have been authorised for issue on August 18, 2017 by the Southern Regional Committee.

22 GENERAL

Amounts have been rounded off to the nearest rupees unless otherwise stated.

- Sd -

**ABDUL RAB
CHAIRMAN**

- Sd -

**SYED MUHAMMAD ADNAN RIZVI
HONORARY SECRETARY**

Southern Regional Committee

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