



Failure is a Word ...
Unknown to me !

(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. Kamran Iqbal Butt	Chairman
Mr. Muhammad Ali Latif	Secretary
Mr. Asad Feroze	Member
Mr. Rafqat Hussain	Member
Mr. Saifullah	Member
Mr. Sajjad Hussain Gill	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)



Kamran Iqbal Butt
Chairman



Muhammad Ali Latif
Honorary Secretary



Asad Feroze
Member



Rafqat Hussain
Member



Saifullah
Member



Sajjad Hussain Gill
Member

CPD COMMITTEES

LAHORE

Chairman - Mr. Rafqat Hussain, ACA # 5536

Mr. Aamir Rasheed Rashid, ACA#5097
Mr. Aamir Shahbaz, ACA#5222
Mr. Asad Feroze, FCA#4882
Mr. Faisal Iqbal Khawaja, FCA # 3374
Mr. Fakhar Naseem Afzal, FCA#2387
Mr. Laeeq Ahmed Rana, FCA# 4487
Mr. M. Farooq Wasi, ACA#4471
Mr. Muhammad Ali Qamar, ACA#4288
Mr. Muhammad Nasir Muneer, FCA#3641
Mr. Mohsin Nusrullah, FCA#3722
Mr. Naveed Mukhtar Rana, FCA#4459
Mr. Sajjad Iftikhar, ACA#4909
Mr. Shaukat Hussain, ACA#7200

RAWALPINDI/ISLAMABAD

Chairman – Mr. Ali Latif, ACA#4128

Mr. Agha Mujeeb Ahmed Khan, FCA#3202
Mr. Amir Shafiqe Topra, FCA#3094
Mr. Jahanzeb Amin, FCA#3437
Mr. Khawar Mustafa, ACA#4348
Mr. Masoom Akhtar, FCA#1954
Mr. Muhammad Nayyer Aqib, FCA #2889
Mr. Muhammad Uzair, ACA#4122
Mr. Sajjad Hussain Gill, FCA#3119
Mr. Salman Amin, FCA#3928
Mr. Sharif-ud-din Khilji, ACA#5007
Mr. Shibli Islam Rehan, FCA#1495

FAISALABAD

Chairman - Mr. Ahmed Jabbar, FCA#3440

Mr. Ahsan Rasheed, ACA#6693
Mr. Khan Mohammad, FCA#2304
Mr. Muhammad Zeeshan Abid, FCA#3909
Mr. Rana Muhammad Ather, FCA#2159
Mr. Usman Ahsan, ACA#5957

MULTAN

Chairman – Mr. Mohammad Younas Ghazi, FCA#1213

Mr. Abdul Sattar, ACA#4754
Mr. Javed Anjum, FCA#3278
Mr. Muhammad Talib, FCA#2657
Mr. Waqas Khalid, ACA#3194

PESHAWAR

Chairman - Mr. Muhammad Ahmad Shahid, FCA, #1943

Mr. Abdus Salam Jan, FCA #3266
Mr. Saifullah, FCA#4009
Mr. Shahid Iqbal, ACA#4423
Mr. Zeeshan Ali, FCA#3863

LIBRARY COMMITTEES

LAHORE

Chairman - Mr. Rafqat Hussain, ACA # 5536

Mr. Asad Feroze, FCA#4882

Mr. Kamran Iqbal Butt, FCA#2453

ISLAMABAD

Chairman – Mr. Ali Latif, ACA#4128

Mr. Sajjad Hussain Gill, FCA#3119

FAISALABAD

Chairman - Mr. Junaid Subhani, FCA#4875

Mr. Muhammad Zeeshan Abid, FCA#3909

MULTAN

Chairman - Mr. Abdul Sattar, ACA#4754

Mr. Ashiq Hussain, FCA#2988

PESHAWAR

Chairman - Safdar Shabir Awan, ACA#4746

Mr. Saifullah, FCA#4009

Miss. Tayyaba Umbreen, ACA#6151

CASA - NORTH

Chairman - Mr. Rafqat Hussain, ACA # 5536

Mr. Asad Feroze, FCA#4882

Mr. Saifullah, FCA#4009

NOTICE OF THE ANNUAL GENERAL MEETING

The 53rd Annual General Meeting of the Members of the Northern Region of the Institute of Chartered Accountants of Pakistan will be held on, Tuesday, September 30, 2014 at 6:30 pm at ICAP Office, G-10/4, Mauve Area, Islamabad.

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 52nd Annual General Meeting held on August 23, 2013.
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, 2014.
3. Appointment of auditor(s) for the year ending June 30, 2015.
4. Any other business with the permission of the Chair.



Muhammad Ali Latif, ACA
Honorary Secretary

Lahore : September 13, 2014



**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

The need for trusted, thorough and visionary expertise has never been greater. Today Chartered Accountancy is one of the most sought-after professional qualifications across the world for people in accountancy, finance and business. Chartered Accountants hold influential positions around the world as business leaders, decision-makers and trusted advisers.

In a rapidly changing environment, with stiff and turbulent competition, the Northern Regional Committee (NRC) provides a platform to the Institute of Chartered Accountants of Pakistan (ICAP) members in shape of Continuing professional development (CPD) so as to enable them to keep abreast of these changes, broaden their skills and be more effective in their professional work and provide the value addition to the corporate arena around the world.

A central part of the NRC is conducting training's in the form of CPD for the ICAP members for enhancement of their knowledge and skills, providing networking opportunities for the ICAP members and their families by arranging family get together, maintaining libraries in different cities of Northern region enabling ICAP members and students to access reference books, study packs, journals and other publications on core subjects as well as on general knowledge, providing facilitation to CA students through Chartered Accountants Students Association North (CASA-N) by arranging cricket tournaments and open forum sessions and facilitating ICAP members in identifying job opportunities For and on behalf of the Committee.

Continuous Professional Development

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, combining unrivaled knowledge, skill and commitment, which empowers them to enable businesses, organizations, individuals and communities to achieve their financial and strategic goals with rigor, integrity and vision.

Keeping in mind the importance of the foregoing, focused CPD opportunities like workshops and seminars were held by the CPD Committees throughout the main cities of Northern Region i.e. at Lahore, Islamabad, Peshawar, Multan and Faisalabad during the year 2013-2014.

These activities included discussion forum on "Accounting and Financial Reporting Standard" for Small-Sized Companies, various seminars and workshops on "International Financial Reporting Standards", the topics involved practical implementation of the revisions made to the "International Financial Reporting Standards" during the year, various programmes on the topics of Practical Reporting, such as, "New Challenges on Corporate Reporting", "Financial Statements Presentation and Disclosure as well as on "Code of Corporate Governance". Workshops on different "International Standards on Auditing" were also held with special emphasis on practical application. The subject of Taxation and Secretarial Practices in Pakistan was also focussed in the CPD activities, such as, discussion Forum on "Punjab Sales Tax and Recent Amendments in Federal Sales Tax Act", "Post Budget Seminar" for keeping the members abreast of the changes made through Finance Bill 2014-15. Various other seminars and workshops were organized on "Secretarial Practices" focussing on the practical challenges faced by the member's on topics like "Managing Human Capital". The topics like "Rules of the Corporate Governance for the Public Sector Companies" and "Driving Corporate Performance through Balanced Scorecard" etc. were also conducted which got appreciation of the honourable members.

THE COMMITTEE'S REPORT TO THE MEMBERS

RECREATIONAL ACTIVITIES

Keeping in mind the objective of organizing social events for the members and their families, the Northern Regional Committee organized an Eid Milan Party at Faletti's Hotel, Lahore. This included musical night followed by a dinner. The event received an overwhelming response from the members and served as a good recreational activity. A family get together was also held at Megazone, Fatima Jinnah Park, F-9, Islamabad. The event included sumptuous Brunch/Lunch, Children fun-activities like Jumping Castle, Rides, Face Painting, Music, Puppet, and Magic Shows. The function was well participated by the members and their families.

LIBRARIES

Libraries of ICAP play a key role in providing support to ICAP students in preparing themselves for their examinations with access to study material, reference books and journals.

The Committee has maintained six libraries functioning in Islamabad, Lahore, Peshawar, Faisalabad and Multan. Efforts were made to improve and modernize the existing resources vis-à-vis add new facilities wherever required. Students service and complain desk was also set up in each library for receiving feedback on procuring books not available in the library.

During the start of the year, NRC floated an idea of "e-Library", "e-Learning" and "e-Career and Recruitment" by making a presentation to the President ICAP, Secretary and relevant office bearers in a joint meeting of NRC/SRC. The idea was well received and it was resolved to go live with "e-Center" icon at ICAP web portal as a first step which has been achieved, whereby, members and students now have can search a book on different topics available in different ICAP libraries across Pakistan without physically visiting library premises.

Next step would be providing home delivery services of photocopy of various books and journals to the interested members. In order to make the "e-Center" icon interactive, NRC also proposed revamping of the entire ICAP web portal which is likely to be discussed in "IT Committee of ICAP" going forward.

MEMBERSHIP STRENGTH

The membership in the Region as at June 30, 2014 is 2,663 (2013: 2,521). A large number of members i.e.1,836 are serving in the industry and in other commercial organizations followed by 754 members either in public practice or employed in practice. The membership also includes 73life members.

CHARTERED ACCOUNTANTS STUDENT ASSOCIATION – NORTH (CASA-N)

For providing healthy activity to our aspiring young CA students and for communicating their constructive feedback to the honorable Council members, CASA-N organized a cricket tournament in March this year. Twelve teams from various firms participated in this activity and number of students from different firms visited and appreciated the event. A discussion session namely "Open Forum" was organized providing an opportunity to the students to interact with the Council Members a ICAP Officials for sharing their views and highlighting their issues and concerns. The students found it to be very useful and productive. Several other seminars and workshops were conducted by CASA-N throughout the year, which greatly benefitted the students. Several revision classes were also held at ICAP Lahore during the year for CA students studying in all modules for facilitating and enhancing their grip on various subjects.

THE COMMITTEE'S REPORT TO THE MEMBERS

AUDITOR'S APPOINTMENT

The Committee unanimously recommended to appoint Mr. Hameed Chaudhry as the auditor of NRC for the year ending June 30, 2015, on a remuneration to be mutually agreed.

FINANCE AND ACCOUNTS

The financial statements depict a surplus of Rs. 560,930 for the current year. During the year, Rs. 3,074,200 was collected from members for the purpose of conducting Seminars and CPD activities. The committee directly spent Rs. 3,521,202 on Seminars and CPD activities.

ACKNOWLEDGMENT

I would like to express my sincere gratitude and thanks 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 informative, attractive and 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 also like to show appreciation on 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 during the year.

For and on behalf of the Committee.

September 11, 2014
Lahore



Kamran Iqbal Butt
Chairman

SEMINAR DETAIL FOR THE YEAR ENDED JUNE 30, 2014

LAHORE

Sr. No	Date	Topic	Speaker	Credit Hours
1	9.7.2013	Discussion Forum on "E-Services Regime of SECP"	Mr. Liaqat Ali Dolla, Ms. Sidra Mansur, Mr. Asif Muzaffar Sheikh, Mr. Ale Imran, FCA	02
2	4.12.2013	"Success in Management"	Mr. Syed Babar Ali	03
3	6.12.2013	Discussion Forum "Punjab Sales Tax & Recent Amendments in Federal Sales Tax Act"	Mr. Iftikhar Qutab, Mr. Asim Zulfiqar, Mr. Asad Feroze	04
4	17 & 18.01.2014	Revision "International Accounting & Financial Reporting Standards (IAS & IFRS)"	Mr. Muhammad Maqbool-FCA	16
5	7 & 8.02.2014	Revision "International Accounting & Financial Reporting Standards (IAS & IFRS)"	Mr. Muhammad Maqbool-FCA	16
6	27.02.2014	Discussion Forum "Accounting & Financial Reporting Standard (AFRS) For small Sized Companies"	Mr. Usman Tahir Farooqi	03
7	25 & 26.03.2014	Driving Corporate Performance through Balanced Scorecard	Mr. Saleem Sufi	14
8	5.04.2014	"Managing Human Capital"	Mr. Sajjad Iftikhar, ACA	02
9	19.05.2014	Seminar on "Rules of Corporate Governance for the Public Sector Companies"	Mr. Syed Asad Ali Shah, FCA.	04
10	29.05.2014	Seminar "Zakat Today And Alternate to Interest"	Mr. Abdul Wahid, FCA	03
11	13.06.2014	Seminar "Post Budget 2014-15"	Mr. Iftikhar Qutab, Mr. Mansha Sukhera, FCA. Mr. Hamza	04
12	27.05.2014	Seminar "Auditing"	Mr. Rana Muhammad Usman Khan, FCA	03
Total Credit Hour				74

ISLAMABAD

Sr. No	Date	Topic	Speaker	Credit Hours
1	21 & 22.02.2014	Phase I - International Accounting & Financial Reporting Standards (IAS & IFRS)	Mr. Muhammad Maqbool-FCA	16
2	11 & 12.04.2014	Phase II - International Accounting & Financial Reporting Standards (IAS & IFRS)	Mr. Muhammad Maqbool-FCA	16
3	22.04.2014	Rules Of Corporate Governance For The Public Sector Companies	Mr. Syed Asad Ali Shah & Others	4
4	29.04.2014	Accounting & Financial Reporting Standard (AFRS) For Small Sized Companies	Mr. Usman Tahir Farooqi	3
5	02.05.2014	Workshop On Corporate Reporting	Mr. Abdul Rahim Suriya	8
6	15.05.2014	Seminar On Audit Reports	Mr. Khurram Jamil	3
7	28.05.2014	Seminar On Zakat Today & Alternate To Interest	Mr. Abdul Wahid	3
8	13.06.2014	Post Budget Seminar 2014-15	Mr. Rashid Ibrhaim, Mr. Habib Fakhruddin, Mr. Sakib Shirani	4
Total Credit Hour				57

SEMINAR DETAIL FOR THE YEAR ENDED JUNE 30, 2014

FAISALABAD

Sr. No	Date	Topic	Speaker	Credit Hours
1	4.16.46	Seminar on Tax Audit & Tax Amnesty Scheme	Mr. Irfan Ilyas, FCA	3
2	4.16.95	Issues and Trends in Human Resource Management	Dr. Hassan Rasool, PHD	3
3	4.17.17	IFRS -10, 11, 12, 13, 19	Mr. Mohammad Maqbool, FCA	4
4	4.17.24	Deduction at sources under Income Tax and Sales Tax	Mr. Mirza Munawar Hussain, FCMA	4
5	4.17.31	ISA - 570, 700, 705, 706	Mr. Jafar Hussain, FCA	3
6	4.17.89	Zakat Today Alternate to Interest	Mr. Abdul Wahid, FCA	3
7	4.18.07	Federal Budget 2014-15	Mr. Muhammad Mansha, FCA Mr. Mirza Munawar Munawar Hussain, FCMA	4
Total Credit Hour				24

MULTAN

Sr. No	Date	Topic	Speaker	Credit Hours
1	04.07.2013	ISA 19 "Employee Benefits" & IFRS 2 "Share Based Payment"	Mr. Muhammad Maqbool, FCA	3.5
2	13.09.2013	ISA 300 "Audit Planning" & ISA 320 "Materiality"	Mr. Jaffar Hussain, FCA	3
3	31.05.2014	Zakat Today and Alternate to Interest	Mr. Abdul Wahid, FCA	3
Total Credit Hour				9.5

PESHAWAR

Sr. No	Date	Topic	Speaker	Credit Hours
1	31.01.2014	Dealing with Conflicts	Dr. Nasir Karim, Principal Learning Support College	3
2	16.02.2014	Role of Accountants in Economic Development	Mr. Kashif Mateen Ansari, FCMA	4
3	26.02.2014	Pre-Budget Thoughts 2014-15	Mr. Shaukat Amin Shah, FCA	4
4	19.03.2014	Audit Reports	Visual CD	3
5	15.05.2014	Audit Reports	Video Conferencing- Islamabad	3
6	27.05.2014	Zakat Today- Alternate to Interest	Mr. Abdul Wahid, FCA	3
7	06.06.2014	Professional Ethics in Practice- Alarming Trend	Visual CD	2
8	13.06.2014	Cash Basis IPSAS- Financial Basis of Accounting	Visual CD	2
9	20.06.2014	ISA 500 - Audit Evidence	Visual CD	2
Total Credit Hour				26

Grand Total 190.5



FINANCIAL STATEMENTS

THE NORTHERN REGIONAL COMMITTEE



**The Institute of
Chartered Accountants
of Pakistan**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN REGION - 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 statement 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 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Lahore
11 September 2014



Shaukat Amin Shah
Chartered Accountant

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014 (Rupees)	2013 (Rupees)
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,036,776	1,151,974
Current assets			
Investments - held to maturity	6	9,000,000	9,000,000
Due from ICAP	7	107,505	5,250
Accrued profits & Other Receivables	8	337,333	216,820
Income tax refundable		209,302	199,308
Cash and bank balances	9	2,928,405	2,325,515
		12,582,545	11,746,893
TOTAL ASSETS		13,619,321	12,898,867
FUND AND LIABILITIES			
Fund Account	10	12,067,947	11,507,017
Non-Current liabilities			
Deferred capital grant	11	427,896	479,482
Restricted grants			
Grant received from ICAP for libraries up-gradation	12	198,117	198,117
Current liabilities			
Accrued expenses and other liabilities	13	632,111	494,651
Advance membership fee		293,250	219,600
		925,361	714,251
Contingencies and commitments	14	-	-
TOTAL FUND AND LIABILITIES		13,619,321	12,898,867

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



Chairman



Secretary

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 (Rupees)	2013 (Rupees)
Income:			
Seminars and CPD activities		3,074,200	2,146,250
Share in membership fee		2,024,575	1,813,175
Profit on investments and saving accounts	15	945,007	931,160
Deferred capital grant released	11	<u>51,586</u>	<u>41,024</u>
		6,095,368	4,931,609
Expenditure:			
Seminars and CPD activities	16	<u>3,521,202</u>	<u>2,833,889</u>
Deficit in <i>NRC</i> Family get together	17	363,771	379,533
Administrative and general expenses	18	<u>1,649,465</u>	<u>1,272,997</u>
		5,534,438	4,486,419
Surplus carried to fund account		<u><u>560,930</u></u>	<u><u>445,190</u></u>

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



Chairman



Secretary

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	2014 (Rupees)	2013 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Surplus for the year	560,930	445,190
Adjustments for:		
Depreciation	115,198	117,992
Deferred capital grant released	(51,586)	(41,024)
Profit on investment & saving accounts	(945,007)	(931,160)
	<u>(881,395)</u>	<u>(854,192)</u>
Surplus before working capital changes	(320,465)	(409,002)
Working Capital Changes:		
(Increase) in due from ICAP	(102,255)	(5,250)
(Increase) in other receivables	(43,900)	(53,100)
Increase in accrued expenses and other liabilities	137,460	317,826
Increase in advance membership fee	73,650	65,250
	<u>64,955</u>	<u>324,726</u>
Net cash inflows / outflows from operating activities	(255,510)	(84,276)
Income tax paid	(9,994)	(6,131)
Profit received on investment & saving accounts	868,394	973,496
	<u>602,890</u>	<u>883,089</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	-	(110,270)
Net cash outflows from investing activities	-	(110,270)
Net increase in cash and cash equivalents	<u>602,890</u>	<u>772,819</u>
Cash and cash equivalents at the beginning of the year	2,325,515	1,552,696
Cash and cash equivalents at the end of the year	<u><u>2,928,405</u></u>	<u><u>2,325,515</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 2014

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.

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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

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

3 BASIS OF MEASUREMENT

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, Plant and equipment

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The effect of any adjustment to residual values and useful lives is 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

4.2 Financial instruments

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

4.3 Impairment

4.3.1 Impairment of financial assets

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

4.3.2 Impairment of non financial assets

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

4.4 Investments

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

4.5 Loans, advances, prepayments and other receivables

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

4.6 Cash and cash equivalent

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

4.7 Restricted funds

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

4.9 Provisions

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

4.10 Revenue recognition

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

5 Property, plant and equipment

	Furniture	Library Books	Office Equipment	Air Conditioners and electrical items	Total
	(Rupees)				
<i>As at July 1, 2012</i>					
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	<u>262,307</u>	<u>582,254</u>	<u>207,624</u>	<u>107,511</u>	<u>1,159,696</u>
Net carrying value basis					
<i>Year ended June 30, 2013</i>					
Opening net book value	262,307	582,254	207,624	107,511	1,159,696
Additions	-	110,270	-	-	110,270
Depreciation charged for the year	(26,230)	(60,249)	(20,762)	(10,751)	(117,992)
Net Book value as at June 30, 2013	<u>236,077</u>	<u>632,275</u>	<u>186,862</u>	<u>96,760</u>	<u>1,151,974</u>
Gross carrying value basis					
<i>As on June 30, 2013</i>					
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	<u>236,077</u>	<u>632,275</u>	<u>186,862</u>	<u>96,760</u>	<u>1,151,974</u>
Net carrying value basis					
<i>Year ended June 30, 2014</i>					
Opening net book value	236,077	632,275	186,862	96,760	1,151,974
Depreciation charged for the year	(23,608)	(63,228)	(18,686)	(9,676)	(115,198)
Net Book value as at June 30, 2014	<u>212,469</u>	<u>569,047</u>	<u>168,176</u>	<u>87,084</u>	<u>1,036,776</u>
Gross carrying value basis					
<i>As on June 30, 2014</i>					
Cost	932,910	1,103,787	390,874	235,531	2,663,102
Accumulated depreciation	(720,441)	(534,740)	(222,698)	(148,447)	(1,626,326)
Net book value as on June 30, 2014	<u>212,469</u>	<u>569,047</u>	<u>168,176</u>	<u>87,084</u>	<u>1,036,776</u>
Depreciation rate (%)					
	2014	10	10	10	10
	2013	10	10	10	10

6 Investments - held to maturity

Habib Islamic Certificates

	2014 (Rupees)	2013 (Rupees)
	9,000,000	9,000,000
	<u>9,000,000</u>	<u>9,000,000</u>

These carry profit at 8.54 % per annum (2013: 8.93 % per annum) and will mature on 23 April 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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*).

8 Accrued profit and other receivables

Investments	143,862	149,730
Saving accounts	96,471	13,990
Others	97,000	53,100
	<u>337,333</u>	<u>216,820</u>

9 Cash and bank balances

Cash at banks:

Saving accounts

Current accounts

2,774,888	2,016,285
117,444	261,484
2,892,332	2,277,769
36,073	47,746
<u>2,928,405</u>	<u>2,325,515</u>

Cash in hand

10 Fund account

Opening balance

Add: Surplus for the year

11,507,017	11,061,827
560,930	445,190
<u>12,067,947</u>	<u>11,507,017</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	504,583
52,300	52,300
556,883	556,883
77,401	36,377
46,837	36,212
4,749	4,812
51,586	41,024
128,987	77,401
<u>427,896</u>	<u>479,482</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	556,883
<u>198,117</u>	<u>198,117</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

		2014 (Rupees)	2013 (Rupees)				
13	Accrued expenses and other liabilities						
	Audit fee	25,000	25,000				
	Payable to Chartered Accountant Students' Association North (CASA)	404,620	461,174				
	Payable to Faisalabad CPD	137,181	-				
	Others	65,310	8,477				
		<u>632,111</u>	<u>494,651</u>				
14	Contingencies and commitments						
	The Committee is not exposed to any contingencies and commitments.						
15	Profit on investment & saving accounts						
	Profit on investments	766,495	862,473				
	Profit on saving accounts	178,512	68,687				
		<u>945,007</u>	<u>931,160</u>				
16	Seminar and CPD expenses						
		Lahore (Rupees)	Islamabad (Rupees)	Faisalabad (Rupees)	Peshawar (Rupees)	Multan (Rupees)	Total (Rupees)
	Refreshment	1,487,157	316,274	232,874	53,384	21,290	2,110,979
	Speaker honorarium & shield	45,000	79,963	17,998	22,710	1,400	167,071
	Printing stationery & postage	330,761	135,729	3,102	3,800	1,160	474,552
	Traveling and related	120,570	249,560	6,774	3,000	-	379,904
	Photography video & multimedia	89,590	10,304	-	-	9,500	109,394
	Hall rent	145,000	51,307	-	-	2,500.00	198,807
	Others expenses	29,525	41,410	100	4,100	5,360	80,495
	2014	<u>2,247,603</u>	<u>884,547</u>	<u>260,848</u>	<u>86,994</u>	<u>41,210</u>	<u>3,521,202</u>
	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>
17	Deficit in NRC Family get together						
	Fee received from members	381,100	89,500				
	Less: expenditure on NRC family get together	(744,871)	(469,033)				
		<u>(363,771)</u>	<u>(379,533)</u>				
	During the year NRC arranged family get together at Islamabad and Lahore (2013: Peshawar - Islamabad)						
18	Administrative and general expenses						
	Salaries & allowances	992,552	673,017				
	Printing and stationery	167,950	154,775				
	Postage, telephone and telegram	31,088	3,360				
	Meeting expenses	80,032	85,908				
	Traveling and conveyance	170,653	155,611				
	Library expenses	33,265	33,763				
	Audit fee	25,000	25,000				
	Bank charges	3,527	6,071				
	Repair and maintenance	30,200	17,500				
	Depreciation (Note 5)	115,198	117,992				
		<u>1,649,465</u>	<u>1,272,997</u>				

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

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
2014	(R U P E E S)					
Financial liabilities						
Accrued expenses and other liabilities	632,111	632,111	-	-	-	-
	<u>632,111</u>	<u>632,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2013	(R U P E E S)					
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>

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. 12.376 million (2013: Rs. 11.547 million) as set out in note No. 19.6 below, those that are subject to credit risk aggregate to Rs. 12.337 million (2013: Rs. 11.499 million). As at June 30, 2014 approximately 99.71% (2013: 99.59%) 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 2014

	2014 (Rupees)	2013 (Rupees)
Investments	9,000,000	9,000,000
Due from <i>ICAP</i>	107,505	5,250
Accrued profit and other receivables	337,333	216,820
Bank balances	2,892,332	2,277,769
	<u>12,337,170</u>	<u>11,499,839</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

	2014			
	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 <i>ICAP</i>	-	107,505	-	107,505
Accrued profit and other receivables	-	337,333	-	337,333
Cash and bank balances	-	2,928,405	-	2,928,405
	<u>9,000,000</u>	<u>3,373,243</u>	<u>-</u>	<u>12,373,243</u>
Financial liabilities				
Accrued expenses and other liabilities	-	-	632,111	632,111
	<u>-</u>	<u>-</u>	<u>632,111</u>	<u>632,111</u>
	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 <i>ICAP</i>	-	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>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

20 Transaction with related parties

The related parties Transaction / Balances 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:

	2014 (Rupees)	2013 (Rupees)
Transaction		
Payable to Chartered Accountant Students' Association North (CASA)	404,620	461,174
Traveling expenses reimbursed to NRC members	170,653	155,611
Balances		
Share in membership fee received from ICAP	2,024,575	1,813,175
Advance membership fee	293,250	219,600
Due from ICAP	107,505	5,250
	<u>3,000,603</u>	<u>2,654,810</u>

21 Date of authorization

The financial statements were authorized for issue on 11 September 2014 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