

ANNUAL REPORT

2016



The Institute of
Chartered Accountants
of Pakistan

CA
PAKISTAN



Southern Regional Committee

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Notice of the Meeting

Notice is hereby given that the Fifty Fifth Annual General Meeting of the Southern Regional Committee of the Institute of Chartered Accountants of Pakistan will be held on Wednesday, August 31, 2016 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 Fourth Annual General Meeting.
2. Consideration of the Southern Regional Committee's (the Committee) report and audited financial Statements' for the year ended June 30, 2016 together with the auditor's report thereon.
3. Any other business with the permission of the Chair.

Abdul Rab, FCA
Honorary Secretary

Karachi: August 16, 2016

The Committee for the year 2015 - 2016



Mohammad Zulfikar Akhtar, FCA
Chairman



Abdul Rab, FCA
Honorary Secretary



Arslan Khalid, FCA
CPD Convener



Syed Muhammad Adnan Rizvi, 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

On behalf of the SRC, I am pleased to apprise you that the current year included numerous CPD activities, one social event for the members and one for the members and their families.

Continuous Professional Development

CPD activities are provided through seminars, conferences and workshops. During the year we introduced CPD programmes through webinars whereby members could attain the desired information at the comfort of their own desk; however we understand that the value of a live interaction still stands strong due to which seminars and workshops are also conducted in the ICAP Auditorium and various hotels.

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 16 seminars and workshops spread over 73.5 CPD Hours, covering various subjects such as Accounting Standards, Audit Reports, Taxation and Fiscal measures, Companies Law, Microsoft Excel, Career Progression, Negotiation Skills and Conflict Management. These programmes were attended by primarily members and also some 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.

Workshops	03
Seminars	13
Total	16

The SRC organised seminars and workshops on the following categories as listed below:

Categories	2015 – 16		2014 – 15	
	Number of Seminars	CPD Credit Hours	Number of Seminars	CPD Credit Hours
International Financial Reporting Standards (IFRS)	2	11	4	26
Auditing Standards	2	6.5	-	-
QCR Program	-	-	1	2.5
Corporate Governance	-	-	1	4
Islamic Finance	-	-	1	2
Taxation	2	9	3	12.5
Soft Skills / HR	3	18	4	21.5
Others	4	24.5	4	35
Webinars	3	4.5	-	-
Total	16	73.5	18	103.5

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	2015-2016	2014-2015
Members	1,794	1,902
Non-members	703	704
Total	2,497	2,606

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 introduced as a members' only social-networking platform. It was organised in October 2015 and was attended by around 650 members of the Institute; ranging from senior professionals to the recently qualified chartered accountants. A headline social event is the Annual Family Get together which was organised in March 2016 at Chunky Monkey for the first time and was well received by the members.

Certificates' Distribution Ceremony

The bi-annual Certificates' Distribution Ceremony for the newly qualified Chartered Accountants is also organised under the aegis of the Southern Regional Committee. The theme selected for the ceremony was "**Optimise**" and "**A New Horizon**", in December 2015 and May 2016, respectively.

Chartered Accountants Students Association, South (CASA-S)

In addition to catering for the CPD requirements of the members, the SRC also oversees the affairs of the Chartered Accountants Students' Association, South (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.

The CASA, CA Students Conference 2015 "**Unleash**" was successfully organised in a very short time frame. Amongst other highlights were exam based seminars and workshops organised for the finalists to provide them with an opportunity for better revision and examination techniques. New books and magazines were also added to the library for the benefit of the students.

Finance and Accounts

The financial statements reflect a deficit of PKR 0.198 million for the current year. During the year PKR 2.95 million was received from ICAP on account of Members' subscription fee PKR 7.64 Million was collected from members for CPD activities PKR 7.22 million was spent on CPD activities PKR 1.84 Million was spent on social events.

Committee Meetings

During the year **10** meetings were held. Details of attendance are listed below:

Mohammad Zulfikar Akhtar	09
Abdul Rab	10
Arslan Khalid	10
Syed Muhammad Adnan Rizvi	10
Muhammad Junaid Shekha	10
Syed Asmat ullah Shakerzai	06 (via telephone)

Condolences

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

#	Name	Membership #
1	Abdul Razzak Diwan	0170
2	Zaki Ahmad Shaikh	0255
3	Syed Safiullah	0453
4	Sheikh Mohammad Aslam	0855
5	Gul Ahmed	1223
6	Ahmed Saeed	1736

The SRC acknowledges the valuable contribution by 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 and Fellow Members for their guidance, support and patronage.

We are also thankful to the ICAP COO / Secretary and the SRC office for the support provided by them to the SRC.

Regards,

-Sd-

Mohammad Zulfikar Akhtar

Chairman

CPD Activities held from July 01, 2015 to June 30, 2016

S.No.	Date	Seminar / Workshop	CPD Hours	Number of Participants (Members)	Number of Participants (Non-Members)	Total Number of Participants	Speaker / Session Chairperson
1	Aug 20, 2015	Seminar : International Financial Reporting Standards (IFRS-9)	8	69	24	93	Speaker: Mr. Mike Turner, ACA
2	Sep 03, 2015	Seminar : Big Data & Business Analytics for Finance Professionals	2.5	77	46	123	Speaker: Mr. Aubrey Joachim
3	Oct 06, 2015	Live Webinar : Merger and Acquisitions	1.5	81	-	81	Speaker: Dr. Micheal J Ho
4	Oct 28, 2015	Seminar : Developments in Integrated Reporting	3	112	28	140	Speaker: Mr. Vincent Tophoff
5	Nov 19, 2015	Seminar : IFRS for SMEs	3	68	23	91	Speaker: Mr. Zulfikar Causer, FCA
6	Dec 02, 2015	Seminar : Changes in the Auditor's Report - A Fundamental Shift	4.5	200	40	240	Speaker: Mr. Arslan Khalid, FCA Session Chairman: Mr. Hafiz Mohammad Yousaf, FCA Panellists: Mr. Amir Jamil Abbasi, FCA Mr. Ayaz Ahmed, FCA Mr. Kamran Y. Mirza, FCA Mr. Shoaib Ghazi, FCA Mr. Zaffar A. Khan Moderator: Mr. Farrukh Rehman, FCA
7	Dec 17, 2015	Live Webinar : From Espoused to Practice: Making Leadership Work	1.5	36	-	36	Speaker: Ms. Linda Chaousis
8	Jan 26, 2016	Live Webinar : Incidence of Corporate Taxation: Who Really Pays?	1.5	28	-	28	Speaker: Mr. William P. Kittredge
9	Jan 27, 2016	Workshop : Work-Life Effectiveness	8	13	5	18	Trainer: Mr. Muhammad Ali

10	Feb 15-16, 2016	Workshop : Financial Modelling Using Ms Excel	16	12	21	33	Trainer: Mr. Saad Usman, FCA
11	Apr 12, 2016	Seminar : What it Takes to Build A Successful Career	2	34	7	41	Speaker: Mr. Muhammad Anwar Gopalani
12	Apr 26, 2016	Pre-Budget Seminar	4.5	264	92	356	Speakers: Mr. Asif Haroon, FCA Mr. Asif Siddiq Kasbati, FCA S.M. Shabbar Zaidi, FCA Session Chairman: Mr. Ayaz Mahmood
13	Apr 28, 2016	Consultative Session : Audit Oversight Board- Draft Amendments	2	63	-	63	Speaker: Syed Asad Ali Shah, FCA Q & A Session: Syed Asad Ali Shah, FCA S.M. Shabbar Zaidi, FCA
14	May 12, 2016	Seminar : Draft Companies Bill 2015	3	176	58	234	Speaker: Mr. Mohammad Zulfikar Akhtar, FCA Session Chairman: Syed Asad Ali Shah, FCA
15	May 20, 2016	Workshop : Negotiation Skills & Conflict Management	8	8	4	12	Speaker: Ms. Shireen Naqvi
16	Jun 09, 2016	Post Budget Seminar	4.5	553	355	908	Speakers: Mr. Saqib Masood, FCA * Mr. Adnan Mufti, FCA* Panellists: S.M. Shabbar Zaidi, FCA Syed Asad Ali Shah, FCA Mr. Haider Ali Patel, FCA Mr. Saquib Shirazi Moderator: Mr. Rashid Ibrahim, FCA *The speakers also acted as the panellist.
		Total	73.5	1,794	703	2,497	

Classification of Members

June 30, 2016

Category	ACA	FCA	Total
Southern Region - Pakistan			
Public Practice-Sole Proprietor	16	85	101
Public Practice-Partnership	30	171	201
Employed in Practice	613	32	645
Financial Institutions/Banks	190	143	333
Education	31	24	55
Government	11	13	24
Power Generation and Distribution	33	18	51
Engineering	23	20	43
Telecommunication	10	16	26
Oil and Gas	65	48	113
Information Technology	13	7	20
Chemicals/Paints	15	11	26
Cement/Ceramics	14	9	23
Consumer Goods	42	8	50
Automotive	29	8	37
Textile	26	31	57
Construction	12	5	17
Fertilizer/Agriculture	9	5	14
Food, Beverages and Restaurants	28	15	43
NGOs/Social Services	8	2	10
Shipping & Marine	13	5	18
Healthcare and Pharmaceutical	51	38	89
Financial/Management Consulting	10	8	18
Electronics	8	7	15
Sugar and Allied	5	5	10
Commerce and Industry	581	274	855
Senior Members	5	188	193
Sub Total	1,891	1,196	3,087
Outside Pakistan			
Overseas Non-Practicing	524	449	973
Overseas Practicing	2	15	17
Overseas Senior Members		42	42
Sub Total	526	506	1032
Total	2,417	1,702	4,119

AUDITORS' REPORT TO THE MEMBERS

Introduction

I have audited the accompanying financial statements of the Southern Regional Committee - ICAP which comprises the balance sheet as at June 30, 2016, and the related statement of income and expenditure, statement of cash flows and statement of changes in funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Southern Regional Committee - ICAP is responsible for the preparation and fair presentation of these financial statements in accordance with the approved accounting standards as applicable in Pakistan and for such internal control as the Southern Regional Committee - ICAP is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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 risk 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 Southern Regional Committee - ICAP, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for an audit opinion.

Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Southern Regional Committee - ICAP as of June 30, 2016 and of its financial performance, its cash flows and changes in funds for the year then ended in accordance with the approved accounting standards as applicable in Pakistan.

Other matter

The financial statements of Southern Regional Committee - ICAP for the year ended June 30, 2015 were audited by another Chartered Accountant who had expressed an unqualified opinion thereon vide his report dated August 18, 2015.

- Sd -

QASIM EBRAHIM CAUSER
CHARTERED ACCOUNTANT
KARACHI

DATED: August 15, 2016

SOUTHERN REGIONAL COMMITTEE - ICAP
BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016 ----Rupees----	2015
NON-CURRENT ASSETS			
Property, plant and equipment	3	409,118	388,224
Long-term investments	4	19,737,161	12,800,033
		<u>20,146,279</u>	<u>13,188,257</u>
CURRENT ASSETS			
Short-term investments	5	3,300,000	6,086,602
Other receivables	6	2,796,209	2,905,081
Due from Chartered Accountants Students' Association (CASA) - South	9	79,959	-
Cash and bank balances	7	897,113	4,529,654
		<u>7,073,281</u>	<u>13,521,337</u>
CURRENT LIABILITIES			
Creditors and other payables	8	1,675,604	929,983
Due to Chartered Accountants Students' Association (CASA) - South	9	-	32,947
		<u>1,675,604</u>	<u>962,930</u>
NET CURRENT ASSETS		<u>5,397,677</u>	<u>12,558,407</u>
LONG TERM LIABILITIES AND FUNDS			
Deferred income			
Library Development Fund	10	52,976	66,332
Restricted Funds			
Library Development Fund	11	592,180	592,180
NET ASSETS		<u><u>24,898,800</u></u>	<u><u>25,088,152</u></u>
REPRESENTED BY			
Accumulated Fund		24,742,752	24,941,120
H. J. Irani Memorial Fund		156,048	147,032
		<u><u>24,898,800</u></u>	<u><u>25,088,152</u></u>

The annexed notes 1 to 20 form an integral part of these financial statements.

- Sd -

MOHAMMAD ZULFIKAR AKHTAR
CHAIRMAN

- Sd -

ABDUL RAB
HONORARY SECRETARY

SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF INCOME AND EXPENDITURE
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016 -----Rupees-----	2015
INCOME			
Members' subscriptions		2,953,285	2,807,750
Members' programmes		7,644,289	12,127,252
Amortization of library development fund		13,356	16,943
Return on investments		1,396,894	1,783,532
Others		2,800	3,396
		<u>12,010,624</u>	<u>16,738,873</u>
EXPENDITURE			
Cost incurred on members' programmes	12	7,218,559	9,985,524
Cost incurred on social events - net	12	1,839,241	1,682,152
Operating expenses	13	1,313,132	987,939
Library operations	14	1,112,509	1,043,832
CASA Conference	14	618,202	538,751
Annual general meeting expenses	19	57,349	3,000
Audit fee		50,000	50,000
		<u>12,208,992</u>	<u>14,291,198</u>
(DEFICIT) / SURPLUS FOR THE YEAR			
TRANSFERRED TO ACCUMULATED FUND	16	<u>(198,368)</u>	<u>2,447,675</u>

The annexed notes 1 to 20 form an integral part of these financial statements.

- Sd -

MOHAMMAD ZULFIKAR AKHTAR
CHAIRMAN

- Sd -

ABDUL RAB
HONORARY SECRETARY

SOUTHERN REGIONAL COMMITTEE - ICAP
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Deficit) / Surplus for the year	(198,368)	2,447,675
Return on investment held under H. J. Irani Memorial Fund	9,016	9,584
	(189,352)	2,457,259
Adjustment for non cash and other items		
Depreciation	78,671	93,567
Return on investments	(1,396,894)	(1,783,532)
Return on investments held under H. J. Irani Memorial Fund	(9,016)	(9,584)
Amortization of deferred income	(13,356)	(16,943)
	(1,340,595)	(1,716,492)
Decrease / (increase) in current assets		
Other receivables	108,872	(2,317,776)
Due from CASA -South	(79,959)	-
	28,913	(2,317,776)
Increase / (decrease) in current liabilities		
Creditors and other payables	745,621	293,412
Due to CASA -South	(32,947)	(85,359)
	712,674	208,053
Net cash used in operating activities	(788,359)	(1,368,956)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed asset	(126,000)	(59,900)
Return on investments received	1,281,819	3,231,438
Investments made during the year	(4,000,000)	-
Net cash (used in) / generated from investing activities	(2,844,181)	3,171,538
Net (decrease) / increase in cash and cash equivalents	(3,632,541)	1,802,582
Cash and cash equivalents at the beginning of the year	4,529,654	2,727,072
Cash and cash equivalents at the end of the year	7 897,113	4,529,654

The annexed notes 1 to 20 form an integral part of these financial statements.

- Sd -

MOHAMMAD ZULFIKAR AKHTAR
CHAIRMAN

- Sd -

ABDUL RAB
HONORARY SECRETARY

SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Accumulated Fund	H. J. Irani Memorial Fund	Total
	Rupees		
Balance as at July 1, 2014	22,493,445	137,448	22,630,893
Surplus for the year	2,447,675	9,584	2,457,259
Balance as at June 30, 2015	<u>24,941,120</u>	<u>147,032</u>	<u>25,088,152</u>
(Deficit) / surplus for the year	(198,368)	9,016	(189,352)
Balance as at June 30, 2016	<u><u>24,742,752</u></u>	<u><u>156,048</u></u>	<u><u>24,898,800</u></u>

The annexed notes 1 to 20 form an integral part of these financial statements.

- Sd -

MOHAMMAD ZULFIKAR AKHTAR
CHAIRMAN

- Sd -

ABDUL RAB
HONORARY SECRETARY

SOUTHERN REGIONAL COMMITTEE - ICAP
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

1. LEGAL STATUS

The Southern Regional Committee (the Committee) has been constituted by the Council of the Institute of Chartered Accountants of Pakistan 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 and the requirements of the Chartered Accountants Ordinance, 1961 and the Chartered Accountants Bye-Laws, 1983. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as are notified under the provisions of the Companies Ordinance, 1984.

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.

2.3 New and amended standards and interpretations

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

IFRS 13 'Fair value measurement' is applicable on accounting periods beginning on or after January 01, 2015. The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied and where its use is already required or permitted by other standards within IFRSs. The standard only affects the disclosures in the Committee's financial statements.

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

The other new standards and amendments to approved accounting standards that are mandatory for the financial year beginning on July 1, 2015 are considered not to be relevant or to have any significant effect on the Committee's financial reporting and operations.

2.3.3 Standards, interpretations and amendments to accounting standards that are not yet effective and have not been early adopted by the Institute

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2015 and have not been early adopted by the Institute:

- (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. 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 a good or service 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.
- (c) Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable on annual periods beginning on or after January 1, 2016. The amendments are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The amendments provide clarifications on a 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. 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 OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss.

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

2.4 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.

2.5 Financial instruments

2.5.1 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 Institute'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.

2.5.2 Financial liabilities

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

2.6 Offsetting of financial instruments

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when the Institute 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.

2.7 Impairment

2.7.1 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.

2.7.2 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.

2.8 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.

2.8 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 Income and Expenditure Statement.

2.9 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.

PROPERTY, PLANT AND EQUIPMENT

Description	Library				Others				Total
	Books	Furniture	Air Conditioners	Equipment	Furniture	Equipment	Air Conditioners	Computers	
As at July 01, 2014									
Cost	652,302	721,383	475,381	23,800	180,323	72,450	75,235	475,197	2,676,071
Accumulated depreciation	(628,285)	(568,631)	(380,776)	(15,515)	(149,892)	(38,362)	(67,104)	(345,715)	(2,194,280)
Net book value	24,017	152,752	94,605	8,285	30,431	34,088	8,131	129,482	481,791
Year ended June 30, 2015									
Opening net book value	24,017	152,752	94,605	8,285	30,431	34,088	8,131	129,482	481,791
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-
Depreciation for the year	(7,926)	(15,275)	(18,921)	(829)	(3,043)	(3,219)	(1,626)	(42,729)	(93,568)
Closing 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, 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)	(31,670)	(78,671)
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
Annual rate of depreciation (% per annum)									
	33	10	15	15	10	15	15	33	

	Note	2016	2015
		---Rupees---	
4. LONG-TERM INVESTMENTS			
Held to maturity			
Certificates of Islamic Investment	4.1	19,583,985	12,800,033
H. J. Irani Memorial Fund	4.2	153,176	-
		<u>19,737,161</u>	<u>12,800,033</u>
4.1 These represent Certificates of Islamic Investment, issued by a bank amounting to Rs. 18,836,011 (2015: Rs. 12,613,693). These certificates carry mark-up at rates ranging from 5.27 % to 7.88 % (2015: 7.11% to 9.07%) per annum and are maturing on various dates upto June 30, 2019. Profit is receivable on quarterly basis. Accrued mark-up aggregating to Rs. 347,974 (2015: Rs. 186,340) is included in the carrying value.			
4.2 This represents a Certificate of Islamic Investment, issued by a bank amounting to Rs. 147,046 (2015: Nil), for a period of three years. The certificate carries markup at rates ranging between 5.41 % and 7.13 % per annum and is maturing on October 31, 2018. Accrued mark-up aggregating to Rs. 6,155 (2015: Nil) is included in the carrying value.			
5. SHORT-TERM INVESTMENTS			
Held to maturity			
Certificates of Islamic Investment	5.1	3,300,000	5,939,570
H. J. Irani Memorial Fund	5.2	-	147,032
		<u>3,300,000</u>	<u>6,086,602</u>
5.1 These represent Certificates of Islamic Investment, issued by a bank amounting to Rs. 3,700,000 (2015: Rs. 5,922,318). These certificates carry mark-up at rates ranging between 4.80 % and 7.63 % per annum (2015: 5.96% to 8.94%). Accrued mark-up aggregating to Nil (2015: Rs. 17,252) is included in the carrying value.			
5.2 This represented a Certificate of Islamic Investment, issued by a bank amounting to Rs. 121,198, for a period of three years. The certificate carried markup at rates ranging between 7.11 % and 8.03 % per annum and matured on October 31, 2015. Accrued mark-up aggregating to Rs. 25,834 was included in the carrying value.			
6. OTHER RECEIVABLES			
Receivable from ICAP			
on account of Seminar fee		791,800	808,650
on account of CASA		17,400	116,282
on account of Award Ceremony		1,387,921	971,453
Profit receivable on Certificate of Islamic Investment/bank deposits		211,154	185,868
Insurance claim receivable for loss of fixed asset		26,434	-
Seminar fee receivable		361,500	822,828
		<u>2,796,209</u>	<u>2,905,081</u>

	Note	2016 -----Rupees-----	2015
7. CASH AND BANK BALANCES			
Cash in hand		15,924	24,386
Cash at banks in:			
Current account		140,294	1,230,248
Savings account	7.1	740,895	3,275,020
		881,189	4,505,268
		897,113	4,529,654
7.1	This carries mark-up at rates ranging from 5.40% to 5.85% (2015: 5.75% to 6.28%) per annum.		
8. CREDITORS AND OTHER PAYABLES			
Creditors and accrued liabilities		209,500	96,982
Subscriptions received in advance from members		467,250	626,561
Payable to ICAP		998,854	206,440
		1,675,604	929,983
9. DUE (FROM) / TO CASA - SOUTH			
Opening balance		32,947	118,306
Received / receivable on behalf of CASA		512,948	130,900
Expenses incurred on behalf of CASA		(625,854)	(216,259)
		(79,959)	32,947
10. DEFERRED INCOME - LIBRARY DEVELOPMENT FUND			
Opening balance		66,332	83,275
Amortization for the year		(13,356)	(16,943)
		52,976	66,332
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 (2015: Rs. 592,180) represents the un-utilized fund as of June 30, 2016.			
12. COST INCURRED ON THE MEMBERS' PROGRAMMES			
CPD Events			
Salaries and allowances		1,602,484	1,391,193
Advertisement		-	79,930
Printing, stationery and postage charges		1,081,558	1,098,830
Dinners and refreshments - pre and post budget seminar		1,196,427	3,418,536
Dinners and refreshments - other seminars and workshops		1,373,156	1,436,695
Speakers' fees and other charges		1,282,975	1,815,806
Travelling and accommodation		132,361	-

	Note	2016	2015
		-----Rupees-----	
Photographs, videos, projector, screen and sound system		402,600	545,800
Mementos / Gifts		49,700	70,700
Others		97,299	128,034
		<u>7,218,559</u>	<u>9,985,524</u>
Non-CPD / Social Events			
Family Get-together		199,126	271,700
Members Annual Dinner		1,640,115	1,013,952
Mushaira		-	396,500
		<u>1,839,241</u>	<u>1,682,152</u>
		<u>9,057,800</u>	<u>11,667,676</u>
13 OPERATING EXPENSES			
Salaries and allowances		1,710,867	1,540,731
Printing and stationery		218,515	181,000
Travelling cost		209,599	19,200
IT and communication expenses		46,668	35,237
Conveyance		8,250	16,870
Depreciation	3	78,671	93,567
Refreshment for students		60,000	50,000
Others		93,071	95,166
		<u>2,425,641</u>	<u>2,031,771</u>
14 OPERATING RESULTS BY ACTIVITIES			
	Income	Expenditure	Surplus / (deficit)
CPD programs	7,644,289	7,218,559	425,730
Social events / Members' annual dinner	982,800	2,822,041	(1,839,241)
Library operations	13,356	1,112,509	(1,099,153)
	<u>8,640,445</u>	<u>11,153,109</u>	<u>(2,512,664)</u>
Members subscription			2,953,285
Return on investments			1,396,894
Other income			2,800
			<u>4,352,979</u>
Operating expenses			(1,313,132)
CASA conference		14.1	(618,202)
Annual general meeting expenses			(57,349)
Audit fees			(50,000)
			<u>(2,038,683)</u>
(Deficit) / surplus for the year			<u>(198,368)</u>

14.1 During the year, SRC has contributed Rs. 618,202 (2015: 538,751) to meet the deficit in respect of CASA Conference.

2016 2015
-----Rupees-----

15 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets - Loans and receivables

Long-term investments	19,737,161	12,800,033
Long-term fund investment	153,176	147,032
Short-term investments	3,300,000	6,086,602
Other receivables	2,796,209	2,905,081
Due from CASA	79,959	-
Cash and bank balances	897,113	4,529,654
	<u>26,963,619</u>	<u>26,468,402</u>

Financial liabilities

Financial Liabilities measured at amortised cost

Creditors and other payables	209,500	929,983
Due to CASA	-	32,947
	<u>209,500</u>	<u>962,930</u>

16 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.

16.1 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.

16.1.1 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.

16.1.2 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

	2016	2015
	-----Rupees-----	
Rating*		
A1+	-	1,230,248
AA-	-	22,308,687
AA	24,071,527	-
	<u>24,071,527</u>	<u>23,538,935</u>

* Latest available rating assigned by JCR-VIS as at June 30, 2016.

16.1.3 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.

	2016			
	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years
	----- (Rupees) -----			
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>
	2015			
	Contractual cash flows	Six months or less	Six to twelve months	Two to Five years
	----- (Rupees) -----			
Non-Derivative				
Financial liabilities				
Creditors and other payables	303,422	303,422	-	-
Due to CASA - South	32,947		32,947	
	<u>336,369</u>	<u>303,422</u>	<u>32,947</u>	<u>-</u>

16.3 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.

16.1. Sensitivity analysis**16.1.4 Market risk****16.1.4.1 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 half year would have been higher / lower by Rs. 211,467.

16.1.4.2 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.

16.1.4.3 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.

16.1.5 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 (unadjusted) 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 measured at fair value in the financial statements and which are classified under Level 1.

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.

17 CORRESPONDING FIGURES

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

"Reclassification from component"	"Reclassification to component"	2015 Rupees
Statement of Income and Expenditure		
Annual general meeting expenses	Printing & Stationery	181,000

18 NUMBER OF EMPLOYEES

The Committee had 4 (2015: 4) full time employees as at June 30, 2016.

19 DATE OF AUTHORISATION

These financial statements have been authorised for issue on August 15, 2016 by the Southern Regional Committee.

20 GENERAL

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

- Sd -

MOHAMMAD ZULFIKAR AKHTAR
CHAIRMAN

- Sd -

ABDUL RAB
HONORARY SECRETARY

Southern Regional Committee

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