



CA
PAKISTAN

ANNUAL REPORT 2018

Southern Regional Committee

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NOTICE OF THE MEETING

Notice is hereby given that the Fifty Seventh Annual General Meeting of the Southern Regional Committee (SRC) of the Institute of Chartered Accountants of Pakistan (ICAP) will be held on Thursday, October 25, 2018 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 Sixth Annual General Meeting.
2. Consideration of the Southern Regional Committee's (the Committee) report and audited financial statements' for the year ended June 30, 2018 together with the auditor's report thereon.
3. Any other business with the permission of the Chair.

-Sd-

Mohammad Zulfikar Akhtar, FCA
Honorary Secretary

Karachi: October 10, 2018

The Committee for the year 2017 - 2018



Syed Muhammad Adnan Rizvi, FCA
Chairman



Mohammad Zulfikar Akhtar, FCA
Honorary Secretary



Abdul Rab, FCA
CPD Convener



Arslan Khalid, FCA
Coordinator for CASA Activities/ Library



Hasnain R. Badami, ACA
Coordinator for CASA Activities / Library



Naureen Al Amin, FCA
CPD / CASA Coordinator



CHAIRMAN'S REPORT TO THE MEMBERS

Dear Members

The Southern Regional Committee (SRC) of the Institute of Chartered Accountants of Pakistan (ICAP) is responsible to provide its members with a platform for Continuing Professional Development (CPD) and in this context organises seminars, webinars and workshops. Management of the students' libraries and coordination with CASA-S (Chartered Accountants Students' Association, South) also come under the domain of the SRC.

On behalf of the SRC, I am pleased to inform you that during the current year numerous CPD events were organised for the benefit of the members. Further two social events were arranged for the members and their families. For the CA students a grand CA Students' Conference was organised under the guidance of SRC.

CPD ACTIVITIES

Each year the SRC offers its members a diverse range of topics to choose from for their CPD requirements while continuously striving to enhance the quality of its programmes. CPD activities are primarily offered through seminars, webinars and workshops.

This year the SRC organised 21 CPD events constituting 100.5 CPD Hours and covering topics such as Audit, Adaptive Leadership, Company Law, Corporate Governance, Ethics, Fraud Investigation, Governance in Pakistan, Internal Audit, IFRS, Microsoft Excel, Stress Management, Taxation. These included webinars (organised in collaboration with the Northern Regional Committee) and certain headline events namely "A Session with the Finance Minister" as well as the annual Pre and Post Budget Seminars. These programmes were attended primarily by members but a considerable number of non-members also participated.

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

Category	2017 – 18		2016 – 17	
	Number of Seminars	CPD Credit Hours	Number of Seminars	CPD Credit Hours
International Financial Reporting Standards (IFRS)	2	10.5	2	8.5
Audit	1	8	3	13
Accounting	-	-	3	35.5
Macro Economics / Law	7	23.5	2	6
Taxation(including Pre and Post Budget Seminars)	3	11	3	12
Soft Skills / Entrepreneurship / Other	8	47.5	5	8.5
Total	21	100.5	18	83.5

Three of the above listed events in 2017-18 and four in 2016-17 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	2017-2018	2016-2017
Members	2,241	1,911
Non-members	1,082	771
Total	3,323	2,682

SOCIAL EVENTS

The most anticipated social event "**Family Fun Fest**" was organised in February 2018. This year a new and grand venue "Aladdin Amusement Park" was exclusively booked for members and their families. The event was attended by almost 1,000 people including members and their families who thoroughly enjoyed the outing. Further, a "**Sham-e-Mizah**" was arranged for members & their spouses/guests on a complimentary basis wherein one of the leading humorous poets of the country performed.

CERTIFICATES' DISTRIBUTION CEREMONY

The bi-annual Certificates' Distribution Ceremony for the newly qualified Chartered Accountants is also organised by the SRC. The themes selected for the ceremonies held this year in December 2017 and April 2018 were "**Think. Strive. Achieve.**" and "**The Future: You!**" respectively.

CHARTERED ACCOUNTANTS STUDENTS ASSOCIATION, SOUTH (CASA-S)

The SRC also oversees the affairs of the Chartered Accountants Students' Association, South (CASA-S) and the students' libraries. A role of mentoring and guidance is provided to the elected members of CASA-S and they are facilitated to provide opportunities of learning & development for the CA students. The SRC facilitated organisation of exam based seminars and workshops by CASA-S for the CA finalists in order to provide them with an opportunity for better revision and brushing up the examination techniques.

The headline event, **CA Students' Conference 2018** was also organised by CASA-S this year under the guidance of SRC with the theme "**Beyond Prudence**". The conference was attended by a record 500 plus students and was extremely well received.

FINANCE AND ACCOUNTS

The financial statements reflect a surplus of Rs. 1.72 million for the current year. During the year Rs. 3.25 million was received from ICAP on account of Members' subscription fee. Rs. 18.70 Million was collected from members as fee for participating in CPD activities out of which Rs. 16.07 million was spent on CPD activities and Rs. 2.13 Million were spent on the social events.

COMMITTEE MEETINGS

During the year 5 meetings were held. Details of attendance are listed below:

Syed Muhammad Adnan Rizvi	5
Mohammad Zulfikar Akhtar	5
Abdul Rab	5
Arslan Khalid	5
Hasnain Raza Badami	5
Noureen Al Amin	2 (via telephone)

CONDOLENCES

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

S #	Member's Name	Reg No.
1	Qaisar Mian	0200
2	Ali Husain	0226
3	Aziz H. Ebrahim Latif	0386
4	Mohammad Asif Ali Mufti	0535
5	Zeeshan Ahmad Qureshi	0942
6	Rehman Bux	1859
7	Adil R. Tarapore	2302

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 the SRC, I would like to thank the President ICAP, Vice President South ICAP, Council Members and fellow members for their guidance, support and patronage.

The SRC is also thankful to the ICAP COO/Secretary and his entire team as well as all staff members working at the SRC office for the support provided by them throughout the year.

Kind regards,

-Sd-

Syed Muhammad Adnan Rizvi
Chairman

October 10, 2018

CPD ACTIVITIES HELD FROM JULY 01, 2017 TO JUNE 30, 2018

S#	Date	Seminar / Workshop	CPD Hours	Number of Participants (Members)	Number of Participants (Non-Members)	Total Number of Participants	Speakers / Session Chairperson
1	Sept 19, 2017	Seminar on Companies Act, 2017	7	409	200	609	Speakers: Bushra Aslam, FCA Amar Naseer, FCA Farrukh Rehman, FCA Arslan Khalid, FCA Aryn Malik, FCA Mohammad Zulfikar Akhtar, FCA Session Chairman: Nadeem Yousuf Adil, FCA Guest of Honour: Syed Masoud Ali Naqvi, FCA
2	Oct 19, 2017	Live Webinar: Performance Based Budgeting Predictive Accounting	1.5	27	0	27	Speaker: Gary Cokins, CPIM
3	Oct 20, 2017	Seminar on Governance in Pakistan, Challenges and Possible Solutions	4	139	29	168	Speaker: Dr. Ishrat Husain Panellists: Syed Masoud Ali Naqvi, FCA Syed Asad Ali Shah, FCA S.M. Shabbar Zaidi, FCA Asim Siddiqui, FCA Moderator: Sidra Iqbal Chief Guest: Muhammad Zubair Honourable Governor Sindh
4	Oct 31, 2017	Seminar on IFRS-16 New Leases Standard Implementation Experience Sharing from Germany	2.5	81	33	114	Speaker: Muhammad Najam ul Saqib, FCA Session Chairman: Arslan Khalid, FCA
5	Nov 23, 2017	Live Webinar: How Finance Teams Become More Productive	3	15	0	15	Speaker: Neville Gaunt
6	Nov 24, 2017	Seminar on Development of Situational Leadership Skills	2.5	40	7	47	Speakers: Bulent Orta Hasan Talat Donmez

S#	Date	Seminar / Workshop	CPD Hours	Number of Participants (Members)	Number of Participants (Non-Members)	Total Number of Participants	Speakers / Session Chairperson
7	Jan 23, 2018	Workshop on Dashboard Reporting in Excel	8	8	23	31	Trainer: Rahim Zulfiqar Ali
8	Jan 27, 2018	A Session with Finance Minister	2	93	5	98	Panellists: Syed Asad Ali Shah, FCA Arif Habib Ashfaq Y. Tola, FCA Dr. Waqar Masood Moderator: Ehsan A. Malik, FCA Chief Guest: Dr. Miftah Ismail Acting Finance Minister
9	Jan 30, 2018	Seminar on Revised Code of Corporate Governance Regulations	2.5	193	101	294	Speaker: Abid Hussain Panellists: Amar Naseer, FCA Kamran Y. Mirza, FCA Jahanzaib Awan Moderator: Moin Fudda Session Chairman: Ebrahim Yacoob Sidat, FCA
10	Feb 20, 2018	1-Day Workshop on Adaptive Leadership	7.5	17	12	29	Trainer: Kamran Rizvi
11	Feb 28, 2018	Seminar on International Financial Reporting Standards (IFRS -17) Insurance Contracts	8	60	94	154	Speakers: Noman Noor Omer Morshed, FCA Arslan Khalid, FCA Hena Sadiq, FCA Muhammad Usman Dangra Nayyar Hussain Muhammad Ali Ahmed Abdul Moid Ahmed Panellists: Farrukh Rehman, FCA Omer Morshed, FCA Jabran Noor Muhammad Ali Ahmed Nayyar Hussain Ali Qureshi Moderator: Muhammad Saeed Zafar

S#	Date	Seminar / Workshop	CPD Hours	Number of Participants (Members)	Number of Participants (Non-Members)	Total Number of Participants	Speakers / Session Chairperson
12	Mar 19, 2018	Seminar on Critical Issues under Sales & Services Tax Laws	2.5	94	76	170	Speaker: Adnan Mufti, FCA Session Chairman: Mushtaque Kazmi
13	Mar 26, 2018	Pre Budget Seminar	4	140	36	176	Speakers: Ashfaq Y. Tola, FCA Haider Ali Patel, FCA Asif Haroon, FCA Asif Kasbati, FCA Session Chairman: Haroon Akhtar Khan Special Assitant to PM on Revenue
14	Mar 27, 2018	Workshop on Internal Audit Managing Stakeholders' Value Trough Effective Planning & Reporting	8	10	12	22	Trainer: Muhammad Shehzad Yousuf, FCA
15	Mar 28-29, 2018	2-day Workshop on Power Pivot & Power Query Tools in Excel	16	2	10	12	Trainer: Rahim Zulfiqar Ali
16	April 03, 2018	Seminar on NOCLAR (Non-Compliance with Laws and Regulations)	3	82	20	102	Speaker: Haroon Tabraze, FCA Panellists: S.M. Shabbar Zaidi, FCA Khalilullah Shaikh, FCA Hina Usmani, FCA Amar Naseer, FCA Moderator: Shariq Ali Zaidi, FCA Session Chairman: Farrukh Rehman, FCA
17	April 30, 2018	Post Budget Seminar 2018-19	4.5	586	317	903	Session with Tax Experts Panellists: S.M. Shabbar Zaidi, FCA Saqib Masood, FCA Ashfaq Y. Tola, FCA Haider A. Patel, FCA Moderator: Adnan Mufti, FCA

S#	Date	Seminar / Workshop	CPD Hours	Number of Participants (Members)	Number of Participants (Non-Members)	Total Number of Participants	Speakers / Session Chairperson
							Session with Business Experts Panellists: Syed Asad Ali Shah, FCA Ehsan Malik, FCA Dr. Asad Sayeed Mohammad Zaki Bashir Moderator: Shuja Qureshi Session Chairman: Dr. Miftah Ismail Federal Minister Finance
18	May 11, 2018	Seminar on Fraud Investigation	2.5	42	37	79	Speakers: Muhammad Talha, ACA Zeeshan Shahid, ACA Panellists: Syed Asad Ali Shah, FCA Amir Jamil Abbasi, FCA Mehmood Mandviwalla Tahir Sharif, FCA Moderator: Shariq Ali Zaidi, FCA
19	May 14, 2018	1 Day Workshop on Stress Management	7.5	8	4	12	Trainer: Ali Syed
20	June 21, 2018	Discussion on the Amnesty Scheme	2.5	151	66	217	Speaker: Asif Haroon, FCA Panellists: S.M. Shabbar Zaidi, FCA Saqib Masood, FCA Ashfaq Y. Tola, FCA Haider A. Patel, FCA Arshad Mehmood, FCA Moderator: Mohammad Zulfikar Akhtar, FCA
21	June 21, 2018	Live Webinar: Blockchain, Recent Developments	1.5	44	0	44	Speaker: Dr. Gilles Hillary
		Total	100.5	2241	1082	3323	

CLASSIFICATION OF MEMBERS

Based in Pakistan

June 30, 2018

Category	ACA	FCA	Total
Public Practice	83	318	401
Employed in Practice	667	141	808
Automotive	29	18	47
Cement / Ceramics / Glass	15	9	24
Chemicals/ Paints	15	11	26
Commerce and Industry	148	87	235
Construction and Real Estate	15	10	25
Consumer Goods	48	9	57
Education	31	34	65
Electronics and Electrical Goods	28	7	35
Engineering	29	21	50
Fertilizer / Agriculture	9	5	14
Financial Institutions / Banks	595	132	727
Financial / Management Consulting	33	25	58
Food / Beverages / Tourism	29	17	46
Government	11	13	24
Healthcare and Pharmaceutical	55	59	114
Information & Communication Technology	30	53	83
NGOs / Social Services	8	2	10
Oil and Gas	65	48	113
Power Generation and Distribution	33	35	68
Shipping and Marine	13	5	18
Sugar and Allied	5	5	10
Textile / Fashion and Apparels	32	31	63
Transport / Logistics / Courier Services	24	7	31
Print and Digital Media / Event Management	18	19	37
Miscellaneous	237	140	377
Senior Members	5	188	193
Sub Total	2310	1449	3759
Based outside Pakistan			
Public Practice	2	15	17
Employed in Practice	157	12	169
Other than Public Practice	12	453	465
Senior Members	0	42	42
Sub Total	171	522	693
Total	2481	1971	4452

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

I have audited the financial statements of Southern Regional Committee - ICAP (the Committee), which comprises the statement of financial position as at June 30, 2018, 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, 2018, 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 30, 2018

SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 -----Rupees-----	2017
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,204,242	1,415,335
Long-term investments	4	16,640,678	20,828,484
		17,844,920	22,243,819
CURRENT ASSETS			
Short-term investments	5	7,676,567	3,357,003
Other receivables	6	1,782,148	2,213,619
Due from Chartered Accountants Students' Association (CASA) - South	7	-	24,690
Cash and bank balances	8	2,163,249	1,704,576
		11,621,964	7,299,888
CURRENT LIABILITIES			
Creditors and other payables	9	661,940	2,564,665
Due to Chartered Accountants Students' Association (CASA) - South	7	117,212	-
		779,152	2,564,665
NET CURRENT ASSETS		10,842,812	4,735,223
LONG TERM LIABILITIES AND FUNDS			
Deferred income			
Library Development Fund	10	35,569	42,412
Restricted Funds			
Library Development Fund	11	592,180	592,180
NET ASSETS		28,059,983	26,344,450
REPRESENTED BY			
Accumulated Fund		28,059,983	26,344,450

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

- Sd -

SYED MUHAMMAD ADNAN RIZVI
CHAIRMAN

- Sd -

MOHAMMAD ZULFIKAR AKHTAR
HONOURARY SECRETARY

**SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 -----Rupees-----	2017
INCOME			
Members' subscriptions		3,246,138	3,157,189
Members' programmes		18,698,510	10,298,324
Fees charged on social events		700,000	1,108,500
Return on investments		1,321,142	1,291,214
Others		8,993	11,004
		23,974,783	15,866,231
EXPENDITURE			
Cost incurred on members' programmes	12	16,068,733	8,557,498
Cost incurred on social events	13	2,125,566	3,215,321
Operating expenses	14	1,759,845	1,201,131
Library operations	15	1,391,599	1,268,602
CASA conference	16	835,646	-
Annual general meeting expenses		22,860	128,029
Audit fee		55,000	50,000
		22,259,250	14,420,581
SURPLUS FOR THE YEAR		1,715,533	1,445,650
OTHER COMPREHENSIVE INCOME		-	-
SURPLUS FOR THE YEAR TRANSFERRED TO ACCUMULATED FUND		1,715,533	1,445,650

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

- Sd -

**SYED MUHAMMAD ADNAN RIZVI
CHAIRMAN**

- Sd -

**MOHAMMAD ZULFIKAR AKHTAR
HONOURARY SECRETARY**

**SOUTHERN REGIONAL COMMITTEE - ICAP
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018	2017
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		1,715,533	1,445,650
Return on investment held under H. J. Irani Memorial Fund		-	4,000
		1,715,533	1,449,650
Adjustment for non cash and other items			
Depreciation		301,068	154,728
Loss on sale of property, plant and equipment		-	16,404
Return on investments		(1,321,142)	(1,291,214)
Return on investments held under H. J. Irani Memorial Fund		-	(4,000)
Amortization of deferred income		(6,843)	(10,564)
		(1,026,917)	(1,134,646)
Decrease / (increase) in current assets			
Other receivables		431,471	582,590
Due from CASA - South		24,690	55,269
		456,161	637,859
(Decrease) / increase in current liabilities			
Creditors and other payables		(1,902,725)	889,061
Due to CASA - South		117,212	-
		(1,785,513)	889,061
Net cash (used in) / generated from operating activities		(640,736)	1,841,924
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(89,975)	(1,225,190)
Proceed from sale of property, plant and equipment		-	47,841
Return on investments received		1,189,385	1,142,887
Investments made during the year		-	(1,000,000)
		1,099,410	(1,034,462)
Net cash generated from / (used in) investing activities		458,673	807,463
Net increase in cash and cash equivalents		1,704,576	897,113
Cash and cash equivalents at the beginning of the year		1,704,576	897,113
Cash and cash equivalents at the end of the year	8	2,163,249	1,704,576

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

- Sd -

**SYED MUHAMMAD ADNAN RIZVI
CHAIRMAN**

- Sd -

**MOHAMMAD ZULFIKAR AKHTAR
HONOURARY SECRETARY**

**SOUTHERN REGIONAL COMMITTEE - ICAP
 STATEMENT OF CHANGES IN FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Accumulated Fund	H. J. Irani Memorial Fund	Total
	----- Rupees -----		
Balance as at July 1, 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	<u>26,344,450</u>	<u>-</u>	<u>26,344,450</u>
Surplus for the year	1,715,533	-	1,715,533
Balance as at June 30, 2018	<u><u>28,059,983</u></u>	<u><u>-</u></u>	<u><u>28,059,983</u></u>

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

- Sd -

**SYED MUHAMMAD ADNAN RIZVI
 CHAIRMAN**

- Sd -

**MOHAMMAD ZULFIKAR AKHTAR
 HONOURARY SECRETARY**

**SOUTHERN REGIONAL COMMITTEE - ICAP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 Standards, Interpretations And Amendments To Published Approved Accounting Standards

2.4.1 Amendments that are effective in current year and are relevant to the Committee

The Committee has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
IAS 7 Statement of Cash Flows - Amendments resulting from the disclosure initiative	January 01, 2017
IAS 12 Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses	January 01, 2017
Other than the amendments to standards mentioned above, there are certain annual improvements made to IFRS that became effective during the year:	
Annual Improvements to IFRSs (2014 – 2016) Cycle:	
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2017

2.4.2 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Conceptual framework for Financial reporting 2018-Original Issue	March 2018
IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2018
IFRS 7 Financial Instruments : Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	Applies when IFRS 9 is applied
IFRS 9 Financial Instruments - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9	January 01, 2018
IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018

	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 01, 2019
IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 19 Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 01, 2019
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture	Deferred indefinitely
IAS 28 Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 01, 2019
IAS 39 Financial Instruments: Recognition and Measurements-Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception	Applies when IFRS 9 is applied
IAS 40 Investment Property - Amendments to clarify transfers or property to, or from, investment property	January 01, 2018
The Annual Improvements to IFRSs that are effective from the dates mentioned below against respective standards:	
Annual Improvements to IFRSs (2014 – 2016) Cycle:	
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2018
Investments in Associates and Joint Ventures	January 01, 2018
Annual Improvements to IFRSs (2015 – 2017) Cycle:	
IFRS 3 Business Combinations	January 01, 2019
IFRS 11 Joint Arrangements	January 01, 2019
IAS 12 Income Taxes	January 01, 2019
IAS 23 Borrowing Costs	January 01, 2019

**Effective date
(annual periods
beginning on or
after)**

2.4.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

IFRS 9 Financial Instruments	July 01, 2018
IFRS 15 Revenue from Contracts with Customers	July 01, 2018
IFRS 16 Leases	January 1, 2019

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 First Time Adoption of International Financial Reporting Standards
IFRS 14 Regulatory Deferral Accounts
IFRS 17 Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Committee's future financial statements.

The Committee expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Committee's financial statements in the period of initial application.

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 day on which the asset was available for use and on disposals, up to the day the asset has been in use.

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	Air Conditioners	Computers	
As at July 01, 2016								
Cost	712,302	721,383	475,381	23,800	180,323	147,685	491,197	-
Accumulated depreciation	(650,031)	(597,221)	(410,506)	(17,409)	(155,589)	(115,649)	(396,548)	-
Net book value	62,271	124,162	64,875	6,391	24,734	32,036	94,649	-
Year ended June 30, 2017								
Opening net book value	62,271	124,162	64,875	6,391	24,734	32,036	94,649	-
Additions	18,400	-	-	-	-	-	65,500	1,141,290
Disposals	-	-	-	-	-	-	-	-
Cost	-	96,590	200,000	7,200	-	102,170	151,050	-
Accumulated depreciation	-	(70,978)	(182,046)	(5,892)	-	(85,719)	(148,130)	-
Depreciation for the year	-	25,612	17,954	1,308	-	16,451	2,920	-
Closing net book value	61,020	86,687	37,832	4,188	22,371	11,097	125,055	1,067,085
Year ended June 30, 2017								
Cost	730,702	624,793	275,381	16,600	180,323	45,515	405,647	1,141,290
Accumulated depreciation	(669,682)	(538,106)	(237,549)	(12,412)	(157,952)	(34,418)	(280,592)	(74,205)
Net book value	61,020	86,687	37,832	4,188	22,371	11,097	125,055	1,067,085
Year ended June 30, 2018								
Opening net book value	61,020	86,687	37,832	4,188	22,371	11,097	125,055	1,067,085
Additions	-	-	-	-	89,975	-	-	-
Disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
Depreciation for the year	(20,137)	(8,669)	(5,675)	(628)	(9,609)	(1,665)	(41,268)	(213,417)
Closing net book value	40,883	78,018	32,157	3,560	102,737	9,432	83,787	853,668
Year ended June 30, 2018								
Cost	730,702	624,793	275,381	16,600	270,298	45,515	405,647	1,141,290
Accumulated depreciation	(689,819)	(546,775)	(243,224)	(13,040)	(167,561)	(36,083)	(321,860)	(287,622)
Net book value	40,883	78,018	32,157	3,560	102,737	9,432	83,787	853,668
Annual rate of depreciation (% per annum)	33	10	15	15	10	15	33	20

3.1 Depreciation for the year has been allocated as follows:

Note	2018	2017
Operating expenses	265,959	113,228
Library operations	35,109	41,500
	<u>301,068</u>	<u>154,728</u>

	Note	2018 -----Rupees-----	2017
4. LONG-TERM INVESTMENTS			
Held to maturity			
Certificates of Islamic Investments	4.1	<u>16,640,678</u>	<u>20,828,484</u>
4.1 This represents Certificates of Islamic Investments of a bank aggregating to Rs. 16,634,980 (2017: Rs. 20,381,127). These certificates carry profit at rates ranging from 5.26% to 5.59% (2017: 5.26% to 5.61%) per annum and are maturing on various dates upto June 26, 2023. Accrued profit aggregating to Rs. 5,698 (2017: Rs. 447,357) is included in the carrying value.			
5. SHORT-TERM INVESTMENTS			
Held to maturity			
Certificates of Islamic Investments	5.1	<u>7,676,567</u>	<u>3,357,003</u>
5.1 This represents Certificates of Islamic Investments issued by a bank having face value aggregating to Rs. 7,097,046 (2017: Rs. 3,301,930). These certificates carry profit at rates ranging from 4.69% to 5.59% (2017: 4.79% to 5.60%) per annum and are maturing on various dates upto June 24, 2019. Accrued profit aggregating to Rs. 579,521 (2017: 55,073) is included in the carrying value.			
6. OTHER RECEIVABLES			
Receivable from ICAP			
on account of expenses		63,500	96,000
on account of Seminar fee		349,500	651,000
on account of CASA conference		850,000	-
on account of CASA		12,600	9,600
Profit receivable on Certificate of Islamic Investment /			
bank deposits		190,848	194,419
Seminar fee receivable		313,000	1,259,500
Other		2,700	3,100
		<u>1,782,148</u>	<u>2,213,619</u>

	Note	2018	2017
		-----Rupees-----	
7 DUE (TO) / FROM CASA - SOUTH			
Opening balance		24,690	79,959
Received on behalf of CASA		(169,950)	(92,100)
Expenses incurred on behalf of CASA		28,048	36,831
		<u>(117,212)</u>	<u>24,690</u>
8 CASH AND BANK BALANCES			
Cash in hand		50,736	24,688
Cash at banks in:			
Current account		1,249,745	1,197,477
Savings account	8.1	862,768	482,411
		<u>2,112,513</u>	<u>1,679,888</u>
		<u>2,163,249</u>	<u>1,704,576</u>
8.1 This carries mark-up at rate at 2.40% (2017: 4.69% to 4.70%) per annum.			
9 CREDITORS AND OTHER PAYABLES			
Creditors and accrued liabilities		201,742	2,199,775
Subscriptions received in advance from members		300,750	357,000
Advance seminar fees received from members		52,000	-
Payable to Institute		107,448	7,890
		<u>661,940</u>	<u>2,564,665</u>
10 DEFERRED INCOME - LIBRARY DEVELOPMENT FUND			
Opening balance		42,412	52,976
Amortization for the year		(6,843)	(10,564)
		<u>35,569</u>	<u>42,412</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 (2017: Rs. 592,180) represents the un-utilized fund.

	Note	2018	2017
		-----Rupees-----	
12 COST INCURRED ON MEMBERS' PROGRAMMES			
Salaries and allowances		2,344,581	1,902,739
Advertisement		481,705	-
Printing, stationery and postage charges		2,042,710	850,103
Venue & meals charges		8,505,074	4,229,893
Speakers' fees and other charges		911,886	729,729
Travelling and accommodation		191,575	223,432
Photographs, projector, screen and sound system		1,336,453	419,834
Mementos / gifts		133,730	100,700
Others		121,019	101,068
		<u>16,068,733</u>	<u>8,557,498</u>
13 COST INCURRED ON SOCIAL EVENTS			
Family get-together		1,634,640	1,476,310
Mushaira		490,926	-
Members annual dinner		-	1,739,011
		<u>2,125,566</u>	<u>3,215,321</u>
14 OPERATING EXPENSES			
Salaries and allowances		885,772	769,935
Printing and stationery		74,362	209,247
IT and communication expenses		73,057	47,529
Conveyance		5,520	5,021
Depreciation	3.1	265,959	113,228
Others		455,175	56,171
		<u>1,759,845</u>	<u>1,201,131</u>
15 LIBRARY OPERATIONS			
Salaries and allowances		1,234,623	1,038,984
Depreciation	3.1	35,109	41,500
Refreshment for students		66,000	60,000
Newspaper, journals and magazine		15,022	87,435
Others		40,845	40,683
		<u>1,391,599</u>	<u>1,268,602</u>

16 OPERATING RESULTS BY ACTIVITIES

ACTIVITIES	Income	Expenditure	2018	2017
			Surplus / (deficit)	Surplus / (deficit)
-----Rupees-----				
CPD programs	18,698,510	(16,068,733)	2,629,776	1,740,826
Social events	700,000	(2,125,566)	(1,425,566)	(2,106,821)
Library operations	6,843	(1,391,599)	(1,384,757)	(1,258,038)
	<u>19,405,353</u>	<u>(19,585,899)</u>	<u>(180,546)</u>	<u>(1,624,033)</u>
Members subscription			3,246,138	3,157,189
Return on investments			1,321,142	1,291,214
Other income			2,150	440
			<u>4,569,430</u>	<u>4,448,843</u>
Operating expenses			(1,759,845)	(1,201,131)
CASA conference			(835,646)	
Annual general meeting expenses			(22,860)	(128,029)
Audit fee			(55,000)	(50,000)
			<u>(2,673,351)</u>	<u>(1,379,160)</u>
Surplus for the year			<u>1,715,533</u>	<u>1,445,650</u>

17 TRANSACTIONS WITH RELATED PARTIES

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	2018	2017
-----Rupees-----			
Transactions during the year:			
Staff retirement benefit plans	Contribution paid to Provident fund	221,796	191,929
Institute:	Seminar / workshop fees for Member's programmes	-	70,000
	Reimbursement of expenses	3,580,084	3,244,625
Balances at year end:			
Institute:	Receivable from the Institute	1,275,600	756,600
	Payable to the Institute	107,448	7,890

18	FINANCIAL INSTRUMENTS BY CATEGORY	2018	2017
		----Rupees----	
	Financial assets - Loans and receivables		
	Long-term investments	16,640,678	20,828,484
	Short-term investments	7,676,567	3,357,003
	Other receivables	1,782,148	2,213,619
	Due from CASA	-	24,690
	Cash and bank balances	<u>2,163,249</u>	<u>1,704,576</u>
		<u>28,262,642</u>	<u>28,128,372</u>
	Financial liabilities measured at amortised cost		
	Creditors and other payables	361,190	2,207,665
	Due to CASA	<u>117,212</u>	-
		<u>478,402</u>	<u>2,207,665</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:

	2018	2017
	-----Rupees-----	
Long term investments	16,640,678	20,828,484
Short term investments	7,676,567	3,357,003
Other receivables	506,548	1,457,019
Bank balances	2,112,513	1,679,888
	<u>26,936,307</u>	<u>27,322,394</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+	25,180,014	
AA	<u>1,249,745</u>	<u>25,865,375</u>

* Latest available rating assigned by JCR-VIS as at June 30, 2018.

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) -----			
2018				
Non-Derivative Financial liabilities				
Creditors and other payables	361,190	361,190	-	-
	<u>361,190</u>	<u>361,190</u>	-	-
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>	-	-

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. 239,085.

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 (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 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

There are 4 full time ICAP employees working for the Committee as at June 30, 2018 (2017: 4).

21 DATE OF AUTHORISATION

These financial statements have been authorised for issue on August 30, 2018 by the Southern Regional Committee.

22 GENERAL

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

- Sd -

SYED MUHAMMAD ADNAN RIZVI
CHAIRMAN

- Sd -

MOHAMMAD ZULFIKAR AKHTAR
HONORARY SECRETARY

Southern Regional Committee

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