

Annual Report 2010



Pakistan Institute of Public Finance Accountants

MISSION STATEMENT

“Identification, development and imparting Knowledge to provide a structure for the training of accounting professionals in the specialized areas.”



PAKISTAN INSTITUTE OF PUBLIC FINANCE ACCOUNTANTS

Corporate Office

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Lahore Office

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Tel #: 042-35838111, 35866896

Faisalabad Office

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Tel #: 041-8500791, 8530110

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 17th Annual General Meeting of Pakistan Institute of Public Finance Accountants (PIPFA) will be held at PIPFA Corporate Office, M1 and M2, Mezzanine Floor, Park Avenue, 24-A, Block 6, PECHS, Shakra-e-Faisal, Karachi, on October 23, 2010 at 3:00 p.m. to transact the following business.

Ordinary Business

1. To read and confirm the minutes of the 16th Annual General Meeting held on October 31, 2009.
2. To receive, consider and adopt the audited financial statements of the Institute for the year ended June 30, 2010 together with Reports of Auditors and Board of Governors thereon.
3. To appoint Auditors for the year 2010-2011 and fix their remuneration. The present Auditors M/s. Ibrahim, Shaikh & Co., Chartered Accountants retire and being eligible, offer themselves for appointment.
4. Any other business with the permission of the Chair.

By Order of the Board



Mian Muhammad Shoaib
Secretary

Karachi: October 02, 2010

Notes:

- a) PIPFA Members admitted up to June 30, 2010 and not having any outstanding dues as on June 30, 2010 are eligible to attend and vote at the meeting.
- b) A member entitled to attend at this meeting may appoint any other eligible member as his/her proxy to attend the meeting and vote therein.
- c) The instrument appointing a proxy must be deposited at the Corporate Office of the Institute at least 48 hours before the meeting time.
- d) Members are requested to notify any change in their address(s) immediately and always quote Membership Number in all communications with the institute.

THE BOARD OF GOVERNORS

Mirza Munawar Hussain
President
(Nominee of ICMAP)



Mr. Rashid Rahman Mir
Vice President
(Nominee of ICAP)



Mian Muhammad Shoab
Secretary
(Elected Member)



Syed Turab Hyder
Treasurer / Joint Secretary
(Nominee of AGP)



Mr. Muhammad Sharif
Member
(Elected Member)



Mr. Ejaz Ali Pirzada
Member
(Nominee of AGP)



Mr. Sajid Hussain
Member
(Elected Member)



Syed Imtiaz Hussain Bukhari
Member
(Nominee of AGP)



Mr. Shahzad Ahmed Awan
Member
(Nominee of ICMAP)



Mr. Sajjad Ahmed
Member
(Nominee of ICMAP)



Syed Adnan Zaman
Member
(Nominee of ICAP)



Mr. Rafaqatullah Babar
Member
(Nominee of ICAP)



PAST OFFICE BEARERS

Period	President	Vice President	Secretary	Treasurer / Joint Secretary
1994-95	Mr. Qaisar Mufti	Mr. Mohammad Yousaf	Mr. Khalid Rafiq	Mr. Jamal Abbas Zaidi
1995-96	Mr. M. Maqbool	Syed Mujahid Hussain	Mr. Ashraf Bawany	Mr. Jamal Abbas Zaidi
1996-97	Syed Mujahid Hussain	Mr. Ashraf Bawany	Mr. Faqir Hussain Khan	Mr. Zulfiqar Ali Qadri
1997-98	Mr. Ashraf Bawany	Mr. Fazal Mehmood	Syed Mujahid Hussain	Mr. U. A. Raza
1998-99	Mr. Fazal Mehmood	Mr. Faqir Hussain Khan	Mr. Mohammad Ashraf	Mr. U. A. Raza
1999-2000	Mr. Azhar Hussain	Mr. S. T. Rehman	Mr. Mohammad Ashraf	Mr. Khaliq Ur Rehman
2000-01	Mr. Sohail Safdar	Mr. Badruddin Fakhri	Mr. Khaliq Ur Rehman	Mr. Khaliq Ur Rehman
2001-02	Mr. Badruddin Fakhri	Mr. Khaliq Ur Rehman	Mr. Muhammad Sharif	Mr. Zulfiqar Ali Kadri
2002-03	Mr. Khaliq Ur Rehman	Mr. Muhammad Sharif	Mr. Abdul Sattar	Mr. Zulfiqar Ali Kadri
2003-04	Mr. Faqir Hussain Khan	Mr. Zulfiqar Ali Kadri	Mr. Abdul Rehim Suriya	Mr. Zulfiqar Ali Kadri
2004-05	Mr. Zulfiqar Ali Kadri	Mr. Azam Khan Shad	Mr. Hidayat Ali Khan	Mr. Mohammad Sharif
2005-06	Mr. Azam Khan Shad	Mr. Hidayat Ali Khan	Mr. Mohammad Sharif	Mr. Khalid Ali
2006-07	Mr. Arif Mansur	Mr. Mohammad Sharif	Mr. Mohammad Junaid	Mirza Munawar Husain
2007-08	Mr. Mohammad Sharif	Mr. Sameen Ashgar	Mirza Munawar Husain	Syed Shahid Hussain Jafri
2008-09	Mr. S. M. Awais	Mirza Munawar Husain	Mr. Rashid Rahman Mir	Mian Muhammad Shoaib
2008-09	Mr. Ejaz Ali Pirzada	Mirza Munawar Husain	Mr. Rashid Rahman Mir	Mian Muhammad Shoaib
2009-10	Mirza Munawar Hussain	Mr. Rashid Rahman Mir	Mian Muhammad Shoaib	Syed Turab Hyder

STANDING COMMITTEES

EXECUTIVE COMMITTEE

Mirza Munawar Hussain	Chairman
Mr. Rashid Rahman Mir	Member
Mian Muhammad Shoaib	Member
Syed Turab Hyder	Member

BOARD OF STUDIES

Mr. Sajid Hussain	Chairman
Syed Imtiaz Hussain Bukhari	Member
Syed Turab Hyder	Member
Mirza Munawar Hussain	Member
Mr. Rashid Rahman Mir	Member
Syed Adnan Zaman	Member
Mr. Sajjad Ahmad	Member
Mian Muhammad Shoaib	Member
Mr. Rafaqatullah Babar	Member

EXAMINATION COMMITTEE

Syed Imtiaz Hussain Bukhari	Chairman
Mr. Sajid Hussain	Member
Mr. Muhammad Sharif	Member
Mr. Rashid Rahman Mir	Member
Mr. Sajjad Ahmad	Member
Syed Adnan Zaman	Member

REGULATION AND DISCIPLINARY COMMITTEE

Mr. Ejaz Ali Pirzada	Chairman
Mr. Shahzad Ahmed Awan	Member
Syed Adnan Zaman	Member
Mr. Rafaqatullah Babar	Member

PUBLICATION AND SEMINAR COMMITTEE

Mr. Shahzad Ahmed Awan	Chairman
Syed Imtiaz Hussain Bukhari	Member
Mian Muhammad Shoaib	Member

SECRETARIAT

Ms. Rana Nazir Fatima	Executive Director / Director Examinations
Mr. Imran Ahmad	Additional Director (Members Affairs)
Mr. Atiq ur Rehman	Deputy Director Education
Mr. Jamshed Riaz	Assistant Director Examinations
Mr. Shahid Mahmood	Chief Accountant
Mr. Buland Iqbal	Assistant Director (Lahore)
Mr. Naeem Akhtar	Executive Incharge (Faisalabad)
Mr. Meraj Ali Jan	Education Officer (Islamabad)

AUDITORS

Ibrahim, Shaikh & Co., Chartered Accountants

BANKS

Allied Bank - Karachi
MCB Bank Ltd. - Karachi
United Bank Ltd. - Lahore
The Bank of Punjab - Faisalabad



PRESIDENT'S REVIEW

It is a great privilege for me to welcome the members to the 17th Annual General Meeting of Pakistan Institute of Public Finance Accountants (PIPFA).

In my first speech to the Board of Governor as President of the Institute I fixed certain targets for the year to come, including rule of law within the Institute, giving a corporate look to the offices especially the head office, financial transparency and responsibility while conducting the Institute's affairs. With the grace of Almighty Allah we succeeded in achieving the set targets.

The current financial year was one of the most challenging years in the history of the country. Considering the economic conditions and the prevailing working environment in the country our Institute's progress is remarkable. This was possible only with the support, co-operation and guidance of my colleagues in the Board of Governors. Under these conditions we acted swiftly and decisively to adjust our targets with market conditions – while continuing to build our future. We did this to make sure we emerge from the recession as a stronger Institution. The effects of our actions became increasingly visible from our Institute's image, our members and students registrations and financial results for the current financial year. Although the economic conditions are very complex, yet PIPFA has improved its cash-flows and financial results in financial year 2009–10. While investing the surplus it is ensured that our investments should not only earn the due return but also must be safe and secure. This area is being looked after by a competent committee constituted by BOG.

In this financial year the Board decided to create a provision against PIPFA's investment in IIBL which seems to be doubtful. As a result of this provision our financial statements show a declining result but you will appreciate that we remained financially strong with a consolidated net income. It was a challenging year, but I am very proud of what PIPFA has done to effectively minimize adverse effects of the uncertain domestic and global economy.

The increasing enrolment of qualified members and students is reflecting recognition of PIPFA within the country as well as abroad.

	2010	2009
Members' enrollment	5,012	4,717
Students' enrollment	22,867	20,572

By the grace of Almighty Allah during the year under review we have tried to improve the quality of services rendered by PIPFA. It was made possible through strengthening credibility with improved internal controls and monitoring systems. It is an endless task and is being taken as commitment by PIPFA Board of Governors and the Secretariat.

In order to strengthen the corporate culture, PIPFA has acquired Mezzanine Floor for its Head Office to give a corporate look to the Institute which has been appreciated both by members and students as well. It has greatly facilitated the smooth functioning of the secretariat as all activities are now under the same roof.

Another remarkable achievement during this year is announcement of Exemption Scheme for PIPFA students in BBA and MBA programs by Preston Institute of Management Sciences and Technology (PIMSAT), a university recognized by the HEC and categorized in “W” category. This will enable our graduates to further increase their educational and professional competency. It is another acknowledgement of the PIPFA qualification.

During this year the Board decided to acknowledge the great services rendered by the PIPFA’s past leadership. The past Presidents were decorated in a specially held meeting of the Board. This gesture of acknowledgement was highly appreciated by our previous leaders.

No institution can be successful without its people who are to be complimented for performing well under difficult circumstances. I would like to place on record the appreciation for the role of our team in the secretariat and its commitment and dedication to work. I am really indebted to all of them for the help and support tendered to us which enabled us to achieve the targets set for the year.

I would like to express sincere gratitude to our stakeholders for reposing confidence in us and their consistent support and guidance during the year. The role of AGP, ICAP and ICMAP and their nominees to the Board remained a great source of encouragement for the whole team.

This is a critical time in the history of the PIPFA, and Pakistan as well. The Board is well-aware of its responsibilities and capable to discharge those. Now-a-days we are in the process of revising the syllabus to cater the needs of the day. Further, we are also revamping our accountability and monitoring programs. This will enable us to perform more efficiently and in a more transparent manner. In order to bring the country out of the crunch, we, individually and collectively, have to come forward and play our due role with fullest capacity. To build an institution is indirectly building of a segment of the nation. We in PIPFA are trying to achieve this noble cause, for which I am indebted to my colleagues in the Board of Governors and members of my administrative team.

May ALLAH bestow upon us his forgiveness and guidance and help us in making the correct, appropriate and timely decisions.



Mirza Munawar Hussain
President

REPORT OF THE BOARD OF GOVERNORS

The Board takes pleasure in presenting the 17th Annual Report and audited financial statements of the Institute for the year ended June 30, 2010.

PIPFA is managed by a twelve members Board out of which 9 members are nominated by sponsoring bodies (Three members each by ICAP, ICMAP and Auditor General of Pakistan) remaining three members are elected by the members of the institute for a period of three years. The Board has five standing committees i.e. Executive Committee, Board of Studies, Examination Committee, Regulation and Disciplinary Committee and Publication and Seminar Committee to run PIPFA affairs effectively and efficiently.

Financial Position

	2009-10 Rs.	2008-09 Rs.
Revenues	35,758,292	30,782,085
Expenses	<u>32,006,776</u>	<u>25,240,833</u>
Surplus	<u>3,751,516</u>	<u>5,541,252</u>

The surplus for the year around 3.7 millions could be possible because of sincere efforts made to promote the educational programs in Corporate and Public Sectors, policy to further motivate and facilitate the students, introduction of Computer Based Examination System, promotion of new members to absorb in the market, introduction of new subscription schemes for members and budget control etc.

Management has laid continuous emphasis on quality education at bearable cost on its part for students and its recognition in the market, for our qualified members as well.

MEMBERSHIP

The qualified members as on June 30, 2010 are 5,012 as against 4,717 at the end of the year 2009, an increase of 295 shows recognition of PIPFA's members in the market. Out of the total memberships more than 1,746 members belong to Public Sector. This reflects tremendous welcome of PIPFA recognition by Government Departments.

ENROLMENT

The registered students of the Institute were 22,867 as against 20,572 of last year, which indicates an increase of 2,295 students representing 11.16 percent increase over the last year.

CORPORATE SECTOR EDUCATION PROGRAM

Education program in corporate sector is progressing satisfactorily. Number of students in this stream has increased considerably. Coaching classes are being conducted in Karachi, Lahore, Faisalabad and Islamabad under direct supervision of PIPFA's staff. In addition to

above, 11 approved educational institutes, are also conducting coaching classes, out of 11, 2 in Karachi, 1 in Lahore, 1 in Faisalabad, 1 in Rawalpindi, 3 in Multan, 1 in Quetta, 1 in Layyah and 1 in Gujranwala. New syllabus with 10 subjects has been approved by the BOG and has been published for the students as core reading for its Examinations.

GOVERNMENT SECTOR EDUCATION PROGRAM

PIPFA's Public Sector qualification is one the required qualification for the position of Assistant Accounts Officer/Assistant Audit Officer. AGP adopted major changes in its existing nomination criteria and started to nominate newly recruited Assistant Accounts Officers (AAOs) for PIPFA Public Sector and made it mandatory for AAOs for promotions. Your Institute achieved a mile stone by implanting Public Sector education program in August 2005. The Public Sector education in replacement of SAS examinations of Auditor General of Pakistan will go a long way to improve efficiency in management of public accounts, audit and finance. We are grateful to the Director General, Human Resource Management, Department of Auditor General of Pakistan for the continued support and cooperation.

The classes of AGP trainees, who are appointed directly at BPS-17, are being held at Karachi, Lahore, Islamabad, Quetta and Peshawar. This year enrollment of Public Sector stream was 689 as against 647 in 2008-09. The Institute has been making all out efforts to organize the program and to start the classes on the stipulated dates. Punjab Govt. has also nominated 21 trainees for Summer 2010.

EXEMPTION

Exemptions are granted to our members by other professional bodies, on reciprocal basis for further studies. Presently, ICMAP grants exemptions in 7 papers, ICAP in 5 papers of modules A and B, and ACCA in 2 papers, CIMA (UK) had already exempted 4 papers to our qualified students. The exemptions include of CIMA (UK) three papers of Certificate Level and one paper of Operational Level.

PIPFA's qualification is considered ideal for the students aspiring to become Professional Accountant. PIPFA brings substantial savings in study cost and enhanced chances to spontaneously pass other examinations especially CA and ICMA.

CFO / COMPANY SECRETARY

According to clause (XVII) of the Code of Corporate Governance, being recognized professional body, Members of Pakistan Institute of Public Finance Accountants are eligible for the venerated positions of Chief Financial Officer and Company Secretary of listed companies except NBFC Sector. This has been further endorsed in letter No. SECP/ICAP/EM 36/2000/83 issued by Securities and Exchange Commission of Pakistan.

MARKET PROMOTION OF PIPFA

PIPFA has started PIPFA Journal on quarterly basis. This is most useful tool for professional update and image building of the institute.

PIPFA is a non-profit organization and donor is entitled to tax credit on his assessment as per rate prescribed on Section 61 of the Income Tax Ordinance 2001, on the amount donated to institute through crossed cheque(s).

INVESTMENT IN INNOVATIVE INVESTMENT BANK LTD (IIBL) FORMERLY CRESCENT STANDARD INVESTMENT BANK LIMITED (CSIBL)

As informed earlier that Crescent Investment Bank Ltd. has pending to realize our deposit of Rupees 13,112,033. These funds were invested as short term investment with CSIBL. The current position in this regard is that CSIBL stands merged with Innovative Housing Finance Limited (IHFL) to finally become Innovative Investment Bank Limited (IIBL). New management had given a plan to repay the amount due, in installment over a period of approximately 5 years to which your institute had not agreed. A four member delegation of Lahore based Board of Governor met administrator Mr. Badruddin Khan and Syed Mehboob Hussain, sponsor Chief Executive of IHFL on June 14th, 2007 and asked to repay the entire amount immediately due to the fact that we had requested for encashment of Certificate of Deposit before the take over of CSIBL by SECP. This meeting could not prove fruitful and IHFL management kept on insisting on the aforementioned repayment plan.

According to IHFL plan 1st installment of Rs.1,000,000 has been received on August 16, 2007. On July 27, 2009, second installment of Rs.2,422,407 was due but management of IIBL could not pay it due to shortage of availability of cash flows. Innovative Investment Bank Limited (IIBL) vide its letter dated July 29, 2009 confirmed that the aforesaid payment shall be made on availability of cash flows which are expected to be generated shortly. The Administrator of IIBL appointed by SECP sent a "Draft Rehabilitation Plan" on May 28, 2010 to the institute to which the institute replied vide its letter dated June 05, 2010 demanding the return of deposits invested with IIBL. The management of the institute has made a provision during the year to these financial statements.

INVESTMENT OF SURPLUS FUNDS

Due to increasing Cash Flows, PIPFA has invested surplus funds in long and short term investments during and after 2009-10, which is tremendous effort of PIPFA team members.

FUTURE OUT LOOKS

We are continuously endeavouring for the recognition of PIPFA at further advance level and extensive action program was implemented during the past years aimed at increasing members' base across the country and to create awareness among young people of the nation. Our plan 2010-2011 includes consolidation of the achievements made in recent times, arrangements for active participation of members and students in Institute's activities, commencement of placement services for the members particularly the newly qualified students, resurgence and expansion of branch committees and more pro-active role of the branch committees, increased professional development and continuing professional development activities.

We are also expecting a favorable outcome of our request pending with Higher Education Commission for the recognition of PIPFA studies equivalent to graduation level. We are also working on new course of studies after which we hope that PIPFA will get more recognition in the form of further exemptions to our qualified members and students helping them to continue their further professional education at more expanded canvas and with rapid pace.

APPRECIATION

The role of various standing committees, ICAP, ICMAP, AGP and the Officers and Staff of the Secretariat in achieving the goals and promoting the objectives of PIPFA, is highly appreciated and acknowledged, by the Board.



Mirza Munawar Hussain
President



Syed Turab Hyder
Treasurer / Joint Secretary

Date: September 25, 2010

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN INSTITUTE OF PUBLIC FINANCE ACCOUNTANTS**, Karachi (the Institute), as at June 30, 2010 and the related income and expenditure account, cash flow statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and the explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Institute's management to establish and maintain a system of internal controls, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Institute as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - i) the balance sheet and income and expenditure account and cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Institute's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Institute;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, income and expenditure account and cash flow statement, together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Institute's affairs as at June 30, 2010 and the Surplus for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

We, without qualifying our opinion, draw attention to note 8 to the financial statements wherein it has been explained that investment made in Term Deposit Certificate could not be realized in accordance with plan offered by the investee entity and provision against aforesaid investment has been made accordingly.


IBRAHIM, SHAIKH & CO.
CHARTERED ACCOUNTANTS
MUHAMMAD AMIN

KARACHI: 25 SEPT 2010

BALANCE SHEET

AS AT JUNE 30, 2010

	Notes	2010 RUPEES	2009 RUPEES
NON CURRENT ASSETS			
Property and Equipment	3	6,828,317	5,685,799
Intangible	3	152,249	227,237
INVESTMENTS	4	13,174,689	14,212,033
CURRENT ASSETS			
Advances, Deposits, Prepayments and Other Receivables	5	7,316,443	8,819,136
Cash and Bank Balances	6	13,273,156	6,449,118
		20,589,599	15,268,254
CURRENT LIABILITIES			
Members' Subscription - Advance		(1,765,100)	(354,500)
Accrued and Other Liabilities	7	(1,163,962)	(974,547)
		(2,929,062)	(1,329,047)
NET CURRENT ASSETS		17,660,537	13,939,207
CONTINGENCIES AND COMMITMENTS	8	---	---
Net Assets		37,815,792	34,064,276
FINANCED BY			
General Fund	9	37,815,792	34,064,276
		37,815,792	34,064,276

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


PRESIDENT


TREASURER

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2010

	Notes	2010 RUPEES	2009 RUPEES
INCOME			
Students Registration and Annual Subscription Fee	10	5,151,025	4,452,600
Examination and Exemption Fee	11	13,883,342	10,772,893
Members Registration and Annual Subscription Fee	12	1,394,352	2,119,200
Coaching Fee	13	12,940,630	11,849,057
Other Income	14	2,388,943	1,588,335
		<u>35,758,292</u>	<u>30,782,085</u>
LESS: EXPENDITURE			
Examination Department Expenses	15	5,993,976	6,283,500
Members Department Expenses	16	1,413,391	1,072,172
Coaching Department Expenses	17	14,244,692	12,673,513
Administration Expenses	18	5,711,771	5,211,648
Other Expenses	19	4,642,946	-
		<u>(32,006,776)</u>	<u>(25,240,833)</u>
Surplus transferred to General Fund		<u><u>3,751,516</u></u>	<u><u>5,541,252</u></u>

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


PRESIDENT


TREASURER

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

Notes	2010 RUPEES	2009 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES-A		
Surplus for the year	3,751,516	5,541,252
Adjustment for non cash charges:		
Depreciation	991,700	740,837
Amortization	74,988	111,922
Operating Surplus before changes in Working Capital	4,818,204	6,394,011
(Decrease) / Increase in Current Assets		
Advances, Deposits and Prepayments	1,502,693	(5,240,691)
Increase/ (Decrease) in Current Liabilities		
Accrued and Other Liabilities	1,600,015	1,131,342
Net Cash Flows from Operating Activities	7,920,912	2,284,662
CASH FLOWS FROM INVESTING ACTIVITIES-B		
Fixed Capital Expenditure	(2,134,217)	(1,924,382)
Investments	1,037,343	500,000
Net Cash Flows from Investing Activities	(1,096,874)	(1,424,382)
CASH FLOWS FROM FINANCING ACTIVITIES-C		
	-	-
Net Increase in Cash & Cash Equivalents (A + B + C)	6,824,038	860,280
Cash and Cash Equivalents at beginning of the Year	6,449,118	5,588,838
Cash and Cash Equivalents at end of the Year	13,273,156	6,449,118



PRESIDENT



TREASURER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

1. STATUS AND NATURE OF THE COMPANY

Pakistan Institute of Public Finance Accountants (PIPFA) was incorporated on 28th of October, 1993 as public company limited by Guarantee under section 42 of the Companies Ordinance, 1984. PIPFA was established jointly by the Institute of Chartered Accountants of Pakistan (ICAP), Institute of Cost and Management Accountants of Pakistan (ICMAP) and Department of Auditor General of Pakistan (AGP). At the inception the name of the institution was 'The Association of Accounting Technicians of Pakistan' (AAT) which was changed to the present name in August 2000. PIPFA is a non-profit organization wholly committed to accounting education and development.

Registered Office of the Institute is situated at M1 & M2, Mezzanine Floor, Park Avenue, Block-6, 24-A, P.E.C.H.S., Shakra-e-Faisal, Karachi – 75400.

2. SIGNIFICANT ACCOUNTING POLICIES

The Significant Accounting Policies adopted in the preparation of these financial statements are set out below:

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance 1984. In case requirements differ, the provisions or directives of the Companies Ordinance 1984 shall prevail.

2.2 Accounting Convention

These Financial Statements have been prepared under historical cost convention.

2.3 Property & Equipment

- These are stated at cost less accumulated depreciation. Depreciation on all property & equipment is charged on reducing balance method. Full year's depreciation is charged in the year of addition while no depreciation is charged in the year of disposal.
- Maintenance and normal repairs are charged to income as and when incurred.

- Major renewals and improvements are capitalized.
- Gains and losses on disposal of property & equipment are included in the income.
- Study materials, publications and stationery costs are charged to income as and when incurred.

2.3.1 Depreciation methods, residual values and useful lives of assets are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

2.4 Intangible

This represents cost of computer software less amortization at the rate of 33% per annum using the reducing balance method.

2.5 Investments

Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction cost. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the income and expenditure account over the period of the investments on an effective yield method.

2.6 Taxation

The Institute is approved as Non Profit Organization (NPO) under Section 2 (36) of the Income Tax Ordinance, 2001.

2.7 Financial Assets and Liabilities

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively and are recognized at the time when the institute becomes a party to contractual provision of the instrument. Any gain and loss of the financial assets and liabilities is taken to income and expenditure account.

2.8 Provisions

Provisions are recognized in the balance sheet when the Institute 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 balance sheet date and adjusted to reflect current best estimate.

2.9 Cash & Cash Equivalents

Cash & Cash Equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current and saving accounts, short term deposits and running finance under mark-up arrangements.

2.10 Revenue Recognition

- Income from fees and subscriptions from members and students is recognized on receipt basis, except in case of life and special membership cases, where subscription received from members is spread over a period of 20 and 10 years respectively.
- Income from approved coaching centers is recognized on receipt basis.
- Income from Computer Based Examinations is recognized on accrual basis.
- Profit on bank deposits is accounted for on accrual basis.

2.11 Impairment

The carrying amounts of the Institute's assets are reviewed at balance sheet date to determine whether there is any indication of impairment, if any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized.

2.12 Judgment, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgment are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to Institute's financial statements or where judgments were exercised in application of accounting policies are as follows:

- Useful lives of depreciable assets and residual value note 2.3.

2.13 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is also the Institute's functional currency.

FIXED ASSETS SCHEDULE

3 Property & Equipment

PARTICULARS	C O S T			D E P R I C I A T I O N			W.D.V. As at June 30, 2010 Rs.		
	As at July 01, 2009 Rs.	Additions Rs.	Disposal/ Adjustment Rs.	As at June 30, 2010 Rs.	As at July 01, 2009 Rs.	For the Year Rs.		As at June 30, 2010 Rs.	Rate %
Offices - Leasehold	5,297,984	-	-	5,297,984	1,873,587	171,220	2,044,807	5	3,253,177
Electrical Equipments	821,881	-	-	821,881	415,347	81,307	496,654	20	325,227
Office Equipments	1,571,493	862,177	-	2,433,670	923,660	453,003	1,376,663	30	1,057,007
Furniture & Fixtures	839,308	1,228,140	-	2,067,448	345,267	172,218	517,485	10	1,549,963
Vehicle	829,000	43,900	-	872,900	124,350	112,283	236,633	15	636,267
Library Books	49,524	-	-	49,524	41,179	1,669	42,848	20	6,676
TOTAL 2010 - RUPEES	9,409,190	2,134,217	-	11,543,407	3,723,390	991,700	4,715,090		6,828,317

Intangible

PARTICULARS	C O S T			A M O R T I Z A T I O N			W.D.V. As at June 30, 2010 Rs.		
	As at July 01, 2009 Rs.	Additions Rs.	Disposal/ Adjustment Rs.	As at June 30, 2010 Rs.	As at July 01, 2009 Rs.	For the Year Rs.		As at June 30, 2010 Rs.	Rate %
Examination Software	310,000	-	-	310,000	216,763	30,768	247,531	33	62,469
CBE Software	200,000	-	-	200,000	66,000	44,220	110,220	33	89,780
TOTAL 2010 - RUPEES	510,000	-	-	510,000	282,763	74,988	357,751		152,249

3.1 Depreciation for the year has been allocated as follows:

COACHING DEPARTMENT EXPENSES	17	2010	2009
ADMINISTRATION EXPENSES	18	Rupees	Rupees
		297,510	296,335
		694,190	444,502
		<u>991,700</u>	<u>740,837</u>

FIXED ASSETS SCHEDULE

3.2 Property & Equipment

PARTICULARS	C O S T			D E P R I C I A T I O N				W.D.V. As at June 30, 2009 Rs.	
	As at July 01, 2008 Rs.	Additions Rs.	Disposal/ Adjustment Rs.	As at June 30, 2009 Rs.	As at July 01, 2008 Rs.	For the Year Rs.	As at June 30, 2009 Rs.		Rate %
Offices - Leasehold	5,297,984	-	-	5,297,984	1,693,356	180,231	1,873,587	5	3,424,397
Electrical Equipments	682,881	139,000	-	821,881	313,715	101,633	415,347	20	406,534
Office Equipments	839,233	732,260	-	1,571,493	646,017	277,643	923,660	30	647,833
Furniture & Fixtures	815,188	24,120	-	839,308	290,375	54,893	345,267	10	494,041
Vehicle	-	829,000	-	829,000	-	124,350	124,350	15	704,650
Library Books	49,524	-	-	49,524	39,093	2,086	41,179	20	8,345
TOTAL 2009 - RUPEES	7,684,810	1,724,380	-	9,409,190	2,982,556	740,837	3,723,391		5,685,799

Intangible

PARTICULARS	C O S T			A M O R T I Z A T I O N				W.D.V. As at June 30, 2009 Rs.	
	As at July 01, 2008 Rs.	Additions Rs.	Disposal/ Adjustment Rs.	As at June 30, 2009 Rs.	As at July 01, 2008 Rs.	For the Year Rs.	As at June 30, 2009 Rs.		Rate %
Examination Software	310,000	-	-	310,000	170,841	45,922	216,763	33	93,237
CBE Software	-	200,000	-	200,000	-	66,000	66,000	33	134,000
TOTAL 2009 - RUPEES	310,000	200,000	-	510,000	170,841	111,922	282,763		227,237

		2010 R U P E E S	2009 R U P E E S
4.	INVESTMENTS		
	Held to Maturity		
	Term deposits certificate	4.1	
	Provision against investments doubtful of recovery	12,112,033	12,112,033
		(4,037,344)	-
		8,074,689	12,112,033
	Special Saving Certificates	4.2	
		5,100,000	2,100,000
		13,174,689	14,212,033

4.1 The Institute had made investment in Term Deposits Certificates (COD-L) of Crescent Standard Investment Bank Limited (CSIBL) now Innovative Investment Bank Limited (IIBL). These COD-L had matured between September 13, 2006 to October 28, 2006. Thus the total investments amounting to Rs. 12,112,033 had become overdue. The management of IIBL had revised the repayment plan over a period of 5 years. In view of the matter stated in the note no.8, the Board of Governors on recommendations of executives of the Institute have decided to create provision to the extent of one third of investment for doubtful recovery, keeping in view the present financial position of the investee entity.

4.2 Special Saving Certificates are investments with National Savings (Government of Pakistan). The maturity period being three years comprising of six terms and interest rates ranging from 1st to 5th Term 11.6% and 12 % for 6th Term.

5. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Deposits

Security deposits	927,500	615,500
	927,500	615,500

Other Receivables

Tax Receivable	-	5,050
Advance Rent - Paid	23,100	29,000
Receivables from AGP	5,131,946	5,901,492
Receivables from Government of Punjab	841,200	1,529,400
CBE fees & other receivable	185,305	399,028
	6,181,551	7,863,970

Accrued interest	812,994	339,666
Less: Provision for interest on investments with IIBL	(605,602)	-
	207,392	339,666
	6,388,943	8,203,636
	7,316,443	8,819,136

5.1 Provision has been made in respect of interest accrued on investments made in Term Deposit Certificates (COD-L) of IIBL as referred to in Note 4 to these financial statements.

	2010 R U P E E S	2009 R U P E E S
6. CASH & BANK BALANCES		
Cash in Hand	27,302	14,540
Cash at Bank -PLS	11,772,384	-
Cash at Bank-Current Account	1,473,470	6,434,578
	<u>13,273,156</u>	<u>6,449,118</u>
7. ACCRUED AND OTHER LIABILITIES		
Accrued expenses	752,383	879,079
Security Deposit	240,000	-
Advance rent - Received	120,000	-
Other Liabilities	51,579	95,468
	<u>1,163,962</u>	<u>974,547</u>
8. CONTINGENCIES AND COMMITMENTS :-		
Contingency		
<p>As discussed in Note 4.1 to these financial statements, investment of Rs. 13,112,033 in the Term Deposits Certificates (COD-L) of Crescent Standard Investment Bank Limited (CSIBL) had become overdue and was exposed to risk of realization. On August 30, 2006 the Securities & Exchange Commission of Pakistan (SECP) had appointed Administrator for CSIBL, suspending its Borad of Directors and Chief Executive Officer. With effect from June 28, 2007 CSIBL was merged with Innovative Housing Finance Limited (IHFL) to finally become Innovative Investment Bank Limited (IIBL). The management of IIBL had offered a five years repayment plan to the Institute. Rupees 1 million had been received as 1st installment of revised repayment plan and remaining Rs. 12,112,033 is receivable over a period of four years starting from July 29, 2009. However, payment due on July 29, 2009 could not be made by IIBL. Innovative Investment Bank Limited (IIBL) vide its letter dated July 29, 2009 confirmed that the aforesaid payment shall be made on availability of cash flows, however, no payment has been received from IIBL so far.</p> <p>The Administrator of IIBL appointed by SECP sent a “Draft Rehabilitation Plan” on May 28, 2010 to the institute to which the institute replied vide its letter dated June 05, 2010 demanding the return of deposits invested with IIBL. The management of the institute has made a provision during the year as refered in notes 4 and 5 to these financial statements.</p>		
Commitments		
No commitments as of Balance Sheet date.		
9 GENERAL FUND		
Balance at the beginning of the year	34,064,276	28,523,024
Surplus transferred from Income & Expenditure A/c.	3,751,516	5,541,252
	<u>37,815,792</u>	<u>34,064,276</u>
10 STUDENT REGISTRATION AND SUBSCRIPTION FEE		
Student Registration	2,159,050	2,052,700
Student Subscription	2,991,975	2,399,900
	<u>5,151,025</u>	<u>4,452,600</u>

	2010 R U P E E S	2009 R U P E E S
11. EXAMINATION AND EXEMPTION FEE		
Examination Fee	8,677,992	6,824,593
Computer Based Examination Registration	160,000	50,000
Computer Based Examination Fee	1,897,500	1,280,000
Exemption Fee	3,147,850	2,618,300
	<u>13,883,342</u>	<u>10,772,893</u>
12. MEMBERS REGISTRATION AND ANNUAL SUBSCRIPTION FEE		
Member Registration	243,100	274,500
Member Subscription	1,151,252	1,844,700
	<u>1,394,352</u>	<u>2,119,200</u>
13. COACHING FEE		
Karachi	9,134,770	8,913,489
Lahore	3,004,860	2,082,068
Faisalabad	801,000	853,500
	<u>12,940,630</u>	<u>11,849,057</u>
14. OTHER INCOME		
Interest Income from Deposits	1,057,537	800,107
Rental Income	120,000	-
Sales of Books	124,851	189,001
CCPT Affiliation	120,000	-
Registration and other fee	367,500	200,700
Others	599,055	398,527
	<u>2,388,943</u>	<u>1,588,335</u>
15. EXAMINATION DEPARTMENT EXPENSES		
Centre Supervisors' and Examiners' Charges	1,953,944	1,572,894
Salary and Other Benefits	1,749,976	1,250,728
Examination Honorarium	152,166	120,833
Computer Based Examination Expenses	294,424	1,660,836
Printing and Stationery	347,595	398,697
Postage	724,288	376,629
Conveyance	12,770	29,669
Utilities	180,350	180,720
Meetings	245,434	248,196
Entertainment	19,033	25,641
Repair and Maintenance	169,734	192,235
Amortization (Note # 3)	74,988	111,922
Software Charges	57,274	114,500
Others	12,000	-
	<u>5,993,976</u>	<u>6,283,500</u>

	2010 R U P E E S	2009 R U P E E S
16. MEMBERS DEPARTMENT EXPENSES		
Salary and Other Benefits	600,830	521,557
Printing and Stationery	259,855	234,884
Postage	381,035	219,769
Conveyance	-	2,710
Utilities	84,999	64,898
Meetings	65,608	22,854
Repair and Maintenance	7,064	-
Others	14,000	5,500
	<u>1,413,391</u>	<u>1,072,172</u>
17. COACHING DEPARTMENT EXPENSES		
Faculty Honourarium (Private and Public Sector)	6,511,410	5,562,772
Salary and Other Benefits	2,762,554	2,542,243
Printing and Stationery	279,652	169,049
Advertisement	657,230	676,425
Entertainment	67,223	67,628
Repair and Maintenance	216,492	186,796
Bank Charges	4,210	3,911
Newspapers and Periodicals	7,705	6,441
Coordinators Honourarium	180,275	161,825
Supplies	3,128	1,261
Postage	261,567	210,370
Conveyance	16,131	55,969
Rent	1,841,739	2,327,921
Utilities	1,022,351	350,802
Others	17,478	2,296
Meetings	98,037	51,469
Depreciation (Note # 3.1)	297,510	296,335
	<u>14,244,692</u>	<u>12,673,513</u>
18. ADMINISTRATION EXPENSES		
Salary and Other Benefits	1,130,664	1,409,275
Staff Honourarium	40,000	-
Printing and Stationery	88,872	122,396
Entertainment	27,381	65,699
Meetings	419,626	1,224,427
Postage	164,200	112,641
Utilities	141,736	234,664
Repair and Maintenance	740,359	258,139
Commission Expenses	90,000	-
Auditor's Remuneration (Note # 18.1)	50,000	40,000
Rent	1,315,625	749,565
Fee and Subscription	289,873	189,700
Newspaper and Periodicals	9,528	10,009

	2010 R U P E E S	2009 R U P E E S
Advertisement	196,000	162,600
Conveyance	24,947	20,536
Depreciation (Note # 3.1)	694,190	444,502
Vehicle Insurance	36,969	-
Supplies	134,523	44,896
Bank Charges	48,732	46,864
Internet Charges	44,606	56,000
Travelling Allowance	-	9,000
Others	23,940	10,735
	<u>5,711,771</u>	<u>5,211,648</u>
18.1 Auditor's Remuneration		
Audit Fee	<u>50,000</u>	<u>40,000</u>
19 OTHER EXPENSES		
Provision against investments with IIBL - Refer note 4, 5 and 8	<u>4,642,946</u>	<u>-</u>

20 REMUNERATION OF EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration, including benefits to the executives of the Institute is as follows:

Managerial remuneration	536,000	-
Allowances	268,000	-
Bonus	56,000	-
	<u>860,000</u>	<u>-</u>
Number of Executives	<u>1</u>	<u>-</u>

Executive of the Institute is provided with the use of car in accordance with the terms of employment.

21. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

21.1 Mark-up rate risk management

Mark-up rate risk arise from the possibility that changes in mark-up rates will affect the value of financial instruments.

In respect of income earning financial assets and mark-up bearing financial liabilities, the following table indicates the financial instruments that are exposed to mark-up rate risk.

Mark-up Bearing		Non Mark-up Bearing			Total	
Effective yield/ mark-up rate %	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	2010	2009

----- (R U P E E S) -----

Financial Assets

Investments	11.6% to 12%	5,100,000	8,074,689	-	-	13,174,689	14,212,033
Deposits	-	-	927,500	-	-	927,500	615,500
Other Receivables	-	-	6,388,943	-	-	6,388,943	8,203,636
Cash & Bank Balances	-	-	-	13,273,156	-	13,273,156	6,449,118
		<u>5,100,000</u>	<u>15,391,132</u>	<u>13,273,156</u>	<u>-</u>	<u>33,764,288</u>	<u>29,480,287</u>

Mark-up Bearing		Non Mark-up Bearing			Total	
Effective yield/ mark-up rate %	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year	2010	2009

----- (R U P E E S) -----

Financial Liabilities

Advance from customers	-	-	-	1,765,100	-	1,765,100	354,500
Accrued and Other Liabilities	-	-	-	1,163,962	-	1,163,962	974,547
	-	-	-	<u>2,929,062</u>	<u>-</u>	<u>2,929,062</u>	<u>1,329,047</u>

21.2 Credit Risk and Concentration of Risk

Credit Risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 33,764,288 the financial assets which are subject to credit risk amounted to Rs. 8,074,689. The Management believes that it is not exposed to major concentrations of credit risk. The Management monitors and limits the company's exposure of credit risk through monitoring of clients credit exposure, review and conservative estimates of provision for doubtful assets, if any limiting transactions with specific counter parties and continually assessing the credit worthiness of counter parties.

21.3 Fair Value of Financial Instruments

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

21.4 Liquidity Risk

Liquidity risk is the risk that the Institute will not be able to make its commitments associated with the financial liabilities, when they fall due. The Institute's management closely monitors the Institute's liquidity and cash flow position and ensures that sufficient liquid funds are available to meet any commitment, as they arise.

22. TAXATION

Referred to Note No.2.6 to the financial statements.

23. NUMBER OF EMPLOYEES

The Number of employees as at June 30, 2010 was 29 (2009:22)

24. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 25, 2010, by the Board of Governors of the Institute.

25. GENERAL

Figures have been rounded off to the nearest rupee.



PRESIDENT

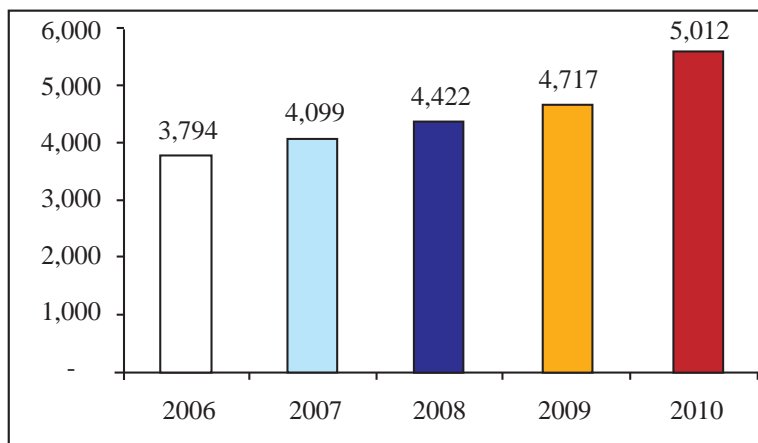


TREASURER

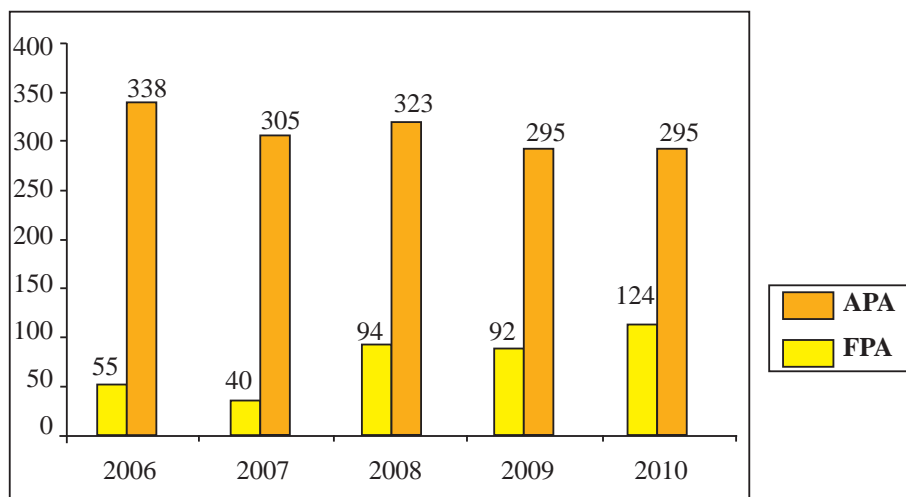
Five Years Financial Summary

	2010	2009	2008	2007	2006
Operating Results					
Revenue (Rs)	35,758,292	30,782,085	19,282,063	17,220,282	16,795,968
Surplus/(Deficit) (Rs)	3,751,516	5,541,252	1,998,886	3,543,504	6,617,486
Financial Position					
Total Assets (Rs)	37,815,792	34,064,276	28,523,024	26,524,138	22,980,334
Members (in numbers)	5,012	4,717	4,422	4,099	3,794
Students (in numbers)	22,867	20,572	18,517	17,053	14,754

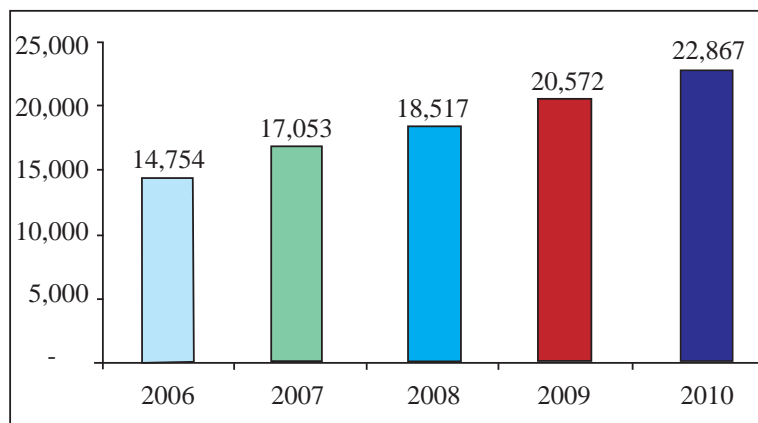
Membership Five Year's Statistical Data



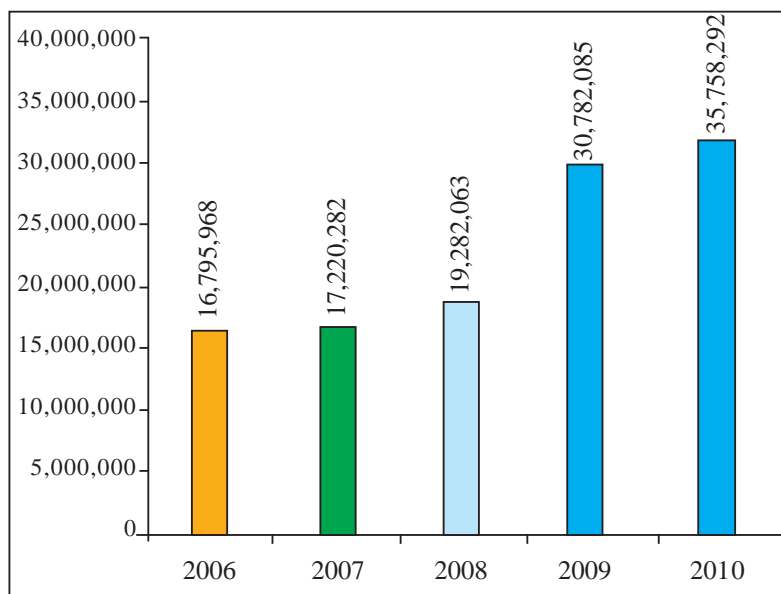
New Membership (APA and FPA) Five Year's Analysis Statistical Data



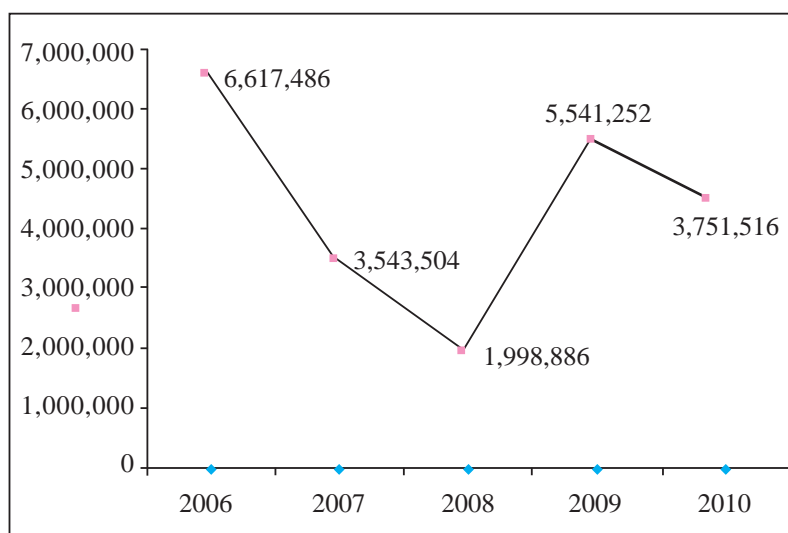
Student Five Year's Statistical Data



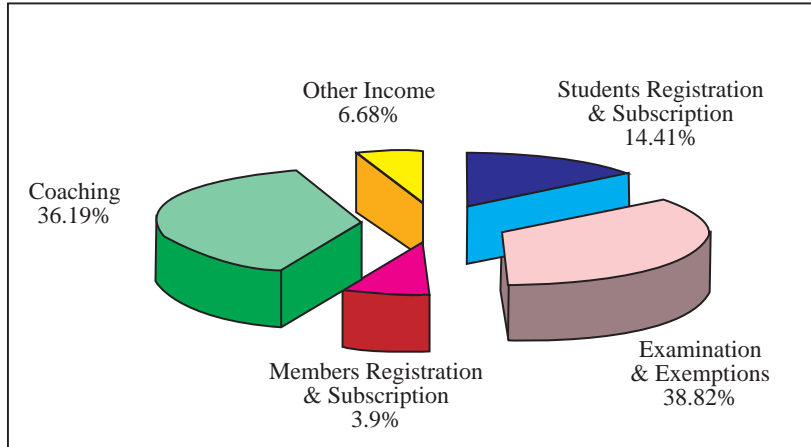
Revenue for the last Five Years



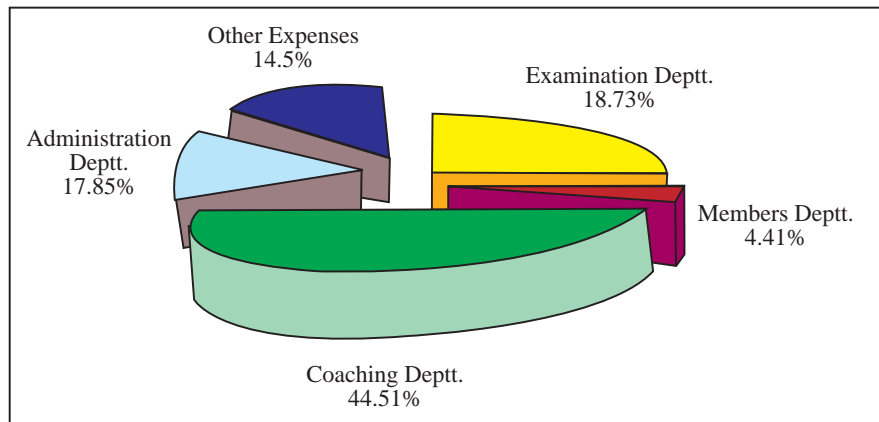
Surplus / Deficit Five Year's Statistical Data



Revenue Analysis 2010



Expenditure Analysis 2010



FORM OF PROXY

I, _____ of _____ being member of PIPFA having Membership Number FPA/APA _____ admitted before June 30, 2010 and having no dues upto the period June 30, 2010 hereby nominate Mr./Ms _____ of _____ having Membership Number FPA/APA _____ and qualified to attend the meeting as my proxy to vote for me and on my behalf at the 17th Annual General Meeting of the Institute to be held on Saturday, October 23, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Rs.5
Revenue
Stamp

Signature _____

(Signature should agree with the latest signature available on Member's record with PIPFA)

Witness No.1

Witness No.2

Name _____ Name _____

CNIC No. _____ CNIC No. _____

Address _____ Address _____

Note: The instrument of Proxy to be valid must be deposited at the Corporate Office of the Institute at least 48 hours before the meeting.



PIPFA OFFICES

Website: www.pipfa.org.pk

Corporate Office

M-1 & M-2, Mezzanine Floor, Park Avenue, 24-A, Block 6, P.E.C.H.S., Shara-e-Faisal,
Karachi 075400. Tel: # 021-34380451-52
Fax: 021-34326588 E-mail: ed@pipfa.org.pk

Lahore Office

42-Civic Centre, Barkat Market, New Town, Lahore.
Te #: 042-35838111, 35866896

Faisalabad Office

Ajmal Centre 1, Batala Colony, Faisalabad. Tel #: 041-8500791, 8530110