

M/S. INSTITUTE OF ARCHITECTS., PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

Ref No. _____

Date _____

AUDITOR'S REPORT TO THE MEMBER'S

We have audited the annexed balance sheet of M/S. INSTITUTE OF ARCHITECTS., PAKISTAN as at June 30, 2017 and the related income and expenditure account alongwith receipts & payments account together with the notes forming part thereof , for the year then ended and we state that we have obtained all the information and explanation which , to the best of our knowledge and belief , were necessary for the purposes of our audit .

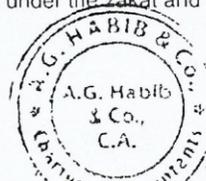
It is the responsibility of the Institute's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirement of the Companies Ordinance., 1984 . Our responsibility is to express 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 ,

- 1) In our opinion , proper books of accounts have been kept by the Institution as required by the companies Ordinance., 1984 .
- 2) In our opinion ;
 - i) the balance sheet and income and expenditure account alongwith receipts and payments account together with the notes thereof have been drawn up in conformity with the Companies Ordinance , 1984 and are in agreement with the books of account
 - ii) the expenditures incurred during the year was for the purpose of the institution , and
 - ii) the business conducted, investment mad and the expenditure incurred during the period were in accordance with the object of the institution ,
- 3) In our opinion and to the best of our information and according to the explanation given to us, the balance sheet, Income and Expenditure account alongwith receipts and payment account together with the notes forming part there of conform with approved accounting standards as applicable in Pakistan , and give the information required by the Companies Ordinance., 1984 , in the manner so required and give true and fair view of the state of the Institution's affairs as at June 30, 2017 and of the Income for the year then ended and ,
- 4) In our opinion no zakat was deductible at source under the zakat and usher ordinance , 1980

Dated :

Place : Karachi.



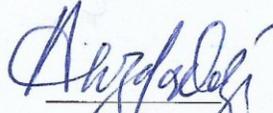
A.G. Habib & Co.
A. G. HABIB & CO.
Chartered Accountants ,

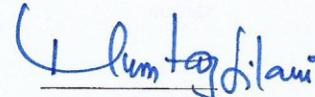
INSTITUTE OF ARCHITECTS, PAKISTAN
BALANCE SHEET AS AT JUNE 30, 2017

| | NOTE | 2017 (RUPEES) | 2016 (RUPEES) |
|--|------|--------------------|--------------------|
| NON CURRENT ASSETS | | | |
| Fixed Assets | 3 | 58,440,345 | 48,656,061 |
| Long Term Investment | 4 | 500,000 | 17,508,238 |
| CURRENT ASSETS | | | |
| Advances, Deposit, Prepayments & Other Receivables | 5 | 7,816,228 | 7,267,159 |
| Cash, Cheque & Bank Balances | 6 | 62,900,366 | 29,633,029 |
| | | 70,716,594 | 36,900,188 |
| TOTAL ASSETS | | 129,656,939 | 103,064,487 |
| CURRENT LIABILITIES | | | |
| Accrued & Other Liabilities | 7 | 894,411 | 450,085 |
| NET ASSETS | | 128,762,528 | 102,614,402 |
| FINANCED BY | | | |
| GENERAL FUND | | | |
| Opening Balance | | 102,614,402 | 81,435,105 |
| Surplus transferred to General Fund | | 26,148,125 | 21,179,296 |
| | | 128,762,528 | 102,614,402 |
| CONTINGENCIES & COMMITMENTS | 8 | - | - |
| TOTAL GENERAL FUNDS | | 128,762,528 | 102,614,402 |

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

Karachi


President


Honorary Treasurer

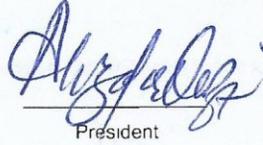
INSTITUTE OF ARCHITECTS, PAKISTAN

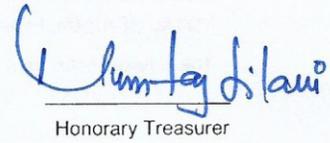
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

| | NOTE | 2017 (RUPEES) | 2016 (RUPEES) |
|--|------|--------------------------|--------------------------|
| INCOME | | | |
| Receipts | 9 | 79,068,403 | 70,967,796 |
| Cost of Services | 10 | <u>47,264,818</u> | <u>42,850,406</u> |
| Gross Surplus | | 31,803,585 | 28,117,390 |
| EXPENDITURE | | | |
| Administrative & General | 11 | <u>5,536,971</u> | <u>6,879,612</u> |
| Financial | 12 | <u>118,489</u> | <u>58,482</u> |
| | | <u>5,655,460</u> | <u>6,938,094</u> |
| Surplus transferred to General Fund | | <u>26,148,125</u> | <u>21,179,296</u> |

The annexed notes form an integral part of these financial statements

Karachi

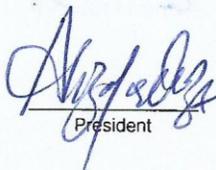

President

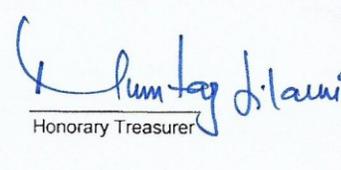

Honorary Treasurer

INSTITUTE OF ARCHITECTS, PAKISTAN
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

| | NOTE | 2017 (RUPEES) | 2016 (RUPEES) |
|---|------|-------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Surplus for the year | | 26,148,125 | 21,179,296 |
| Adjustment for non cash charges: | | | |
| Depreciation | | 173,338 | 192,275 |
| Operating Surplus before changes in Working Capital | | <u>26,321,463</u> | <u>21,371,571</u> |
| (Increase) / decrease in Current Assets | | | |
| Advances, Deposit, Prepayments & Other Receivables | | (549,069) | (1,570,769) |
| Increase/ (Decrease) in Current liabilities | | | |
| Accrued and other liabilities | | 444,327 | (2,144,230) |
| Net Cash Flows from Operating Activities | | <u>26,216,721</u> | <u>17,656,572</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Encashment / Investment in Long Term Investment | | 17,008,238 | (408,238) |
| Fixed capital expenditure | | (9,957,622) | (3,969,063) |
| Net Cash Used in Investing Activities | | <u>7,050,616</u> | <u>(4,377,301)</u> |
| Net Increase in Cash and Cash Equivalents | | 33,267,337 | 13,279,271 |
| Cash and Cash Equivalents at the beginning of the year | 6 | 29,633,029 | 16,353,758 |
| Cash and Cash Equivalents at the end of the year | 6 | <u>62,900,366</u> | <u>29,633,029</u> |
| The annexed notes form an integral part of these financial statements | | | |

Karachi


 President

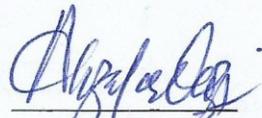

 Honorary Treasurer

INSTITUTE OF ARCHITECTS, PAKISTAN
STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED JUNE 30, 2017

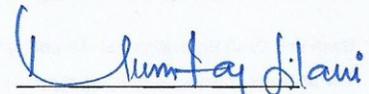
| | NOTE | 2017 (RUPEES) |
|---|------|---------------------------|
| GENERAL FUND | | |
| Balance as at June 30, 2015 as restated | | 81,435,106 |
| Surplus transferred from income and expenditure account | | <u>21,179,296</u> |
| Balance as at June 30, 2016 | | 102,614,402 |
| Surplus transferred from income and expenditure account | | 26,148,125 |
| Balance as at June 30, 2017 | | <u><u>128,762,528</u></u> |

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

Karachi



President



Honorary Treasurer

INSTITUTE OF ARCHITECTS, PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1 **The Institute and its Operations**

Institute of Architects Pakistan (IAP) is a company limited by Guarantee was incorporated on May 22, 1969 and is duly registered under section 42 of Companies Ordinance 1984 IAP is a non-profit organization the aim and object of the institute is to be promote and advance the art and science of practice of profession of architecture in Pakistan and to promote and advance the welfare and well being of person engaged in or about to engage in practice of the profession and is wholly committed to Architectural education and development with conduct research and organize seminars, conferences and exhibitions for promoting cause of Architectural profession

Registered Office of the Institute is situated at IAP House, ST-1/A, Block-2, Clifton, Karachi.

2 **Summary of 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 and Equipment**

These are stated at cost less accumulated depreciation Depreciation on all property and equipment is charged on reducing balance method Full month's depreciation is charged in the month of addition while no depreciation is charged in the month of disposal

- Maintenance and normal repairs are charged to income as and when incurred.
- Major renewal and improvements are capitalized.
- Gains and losses on disposal of property and equipment are included in the income.
- Study materials, publications and stationary 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 and impairment, if any

2.5 **Investment property**

Investment property is held for long term rental yields/capital appreciation The investment property of the Institute comprises of office and is valued using the cost method i.e. at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes cost of materials and direct labour; any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs Depreciation is charged to income and expenditure account on the reducing balance method so as to allocate the depreciable amount over its estimated use full life. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off The residual values and useful lives of investment property are reviewed at each balance sheet date and adjusted if impact on depreciation is significant The company assesses at each balance sheet date whether there is any indication that the investment property may be impaired, If such indication exists, the carrying amounts of such assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the income and expenditure account. The recoverable amount is the higher of the assets fair value less costs to sell and value in use, Where an impairment loss is recognized the depreciation charge is adjusted in the future period to allocate the assets' revised carrying amount over its estimated useful life The gain or loss on disposal of investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as income or expense

INSTITUTE OF ARCHITECTS, PAKISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2.6 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.

2.7 Taxation

The Institute is approved as Non-Profit Organization under section 2 (36) the Income Tax Ordinance, 2001 and the institute fulfilling the conditions envisaged in section 100C (1) of the Income Tax Ordinance, 2001 and income is held eligible for purposes of 100% Tax Credit in terms of section 100C (2) (a) & (d) of the Income Tax Ordinance, 2001 being an educational institution established solely for educational purposes and not for the purposes of profit.

2.8 Financial Assets and Liabilities

All financial assets and liabilities are recognized at the time when the Institute becomes a party to contractual provisions of the instrument. Any gain and loss on depreciations of the financial assets and liabilities is taken to income and expenditure account. Financial assets are recognized at the time when the Institute loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss on depreciation of the financial assets and liabilities is taken to income and expenditure account.

2.9 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.

2.1 Creditors, Accrued and Other Liabilities

Liabilities for creditors and for 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 Cash and Cash Equivalents

Cash and 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.

2.12 Revenue Recognition

Revenue is recognized on cash basis.

- Profit on bank deposits and investments is accounted for on pro-rata basis.
- Profit on saving account is recognized on effective yield basis.

2.13 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 assets recoverable amount is estimated and impairment losses are recognized.

2.14 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

2.15 Functional and presentation currency

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

2.16 General

- Figures have been rounded off to the nearest rupee,
- Prior year figures have been re-arranged, whenever necessary for the purpose of comparison.

INSTITUTE OF ARCHITECTS, PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

| | | | | | | | | 2017 | 2016 |
|----------|-------------------------------|--|--|--|--|--|--|-------------------|-------------------|
| | | | | | | | | (RUPEES) | (RUPEES) |
| 3 | PROPERTY AND EQUIPMENT | | | | | | | | |
| | Property and equipment | | | | | | | 5,826,615 | 5,862,153 |
| | Capital work in progress | | | | | | | 52,613,730 | 42,793,908 |
| | | | | | | | | <u>58,440,345</u> | <u>48,656,061</u> |

3.1 Operating Fixed Assets

Net carrying value basis
Year ended June 30, 2015

Opening net book value
Additions
Disposal / Adjustment
Depreciation Charges for the year
Net book value as at June 30, 2016

| Land | Office Premises | Furniture & Fixture | Office Equipment | Computer | Vehicle | Total |
|------------------|------------------|---------------------|------------------|----------------|---------------|------------------|
| RUPEES | | | | | | |
| 2,716,000 | 2,398,500 | 92,672 | 336,494 | 163,709 | 15,652 | 5,723,027 |
| - | - | 5,700 | 147,500 | 178,200 | - | 331,400 |
| - | - | - | - | - | - | - |
| - | - | (14,756) | (72,599) | (102,572) | (2,348) | (192,275) |
| <u>2,716,000</u> | <u>2,398,500</u> | <u>83,616</u> | <u>411,395</u> | <u>239,337</u> | <u>13,304</u> | <u>5,862,153</u> |

Net carrying value basis
Year ended June 30, 2016

Opening net book value
Additions
Disposal / Adjustment
Depreciation Charges for the year
Net book value as at June 30, 2017
Annual rate of Depreciation

| Land | Office Premises | Furniture & Fixture | Office Equipment | Computer | Vehicle | Total |
|------------------|------------------|---------------------|------------------|----------------|---------------|------------------|
| RUPEES | | | | | | |
| 2,716,000 | 2,398,500 | 83,616 | 411,395 | 239,337 | 13,304 | 5,862,153 |
| - | - | - | 107,000 | 30,800 | - | 137,800 |
| - | - | - | - | - | - | - |
| - | - | (12,543) | (81,390) | (77,409) | (1,996) | (173,338) |
| <u>2,716,000</u> | <u>2,398,500</u> | <u>71,073</u> | <u>437,005</u> | <u>192,728</u> | <u>11,308</u> | <u>5,826,615</u> |
| - | - | 15% | 15% | 30% | 15% | |

4 Long Term Investment

DSC / FDR / TDR Certificates

The Institute made investments in DSC through National Saving Centre amounting to Rs.5,00,000 .

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|----------------|-------------------|
| | | | | | | | | | |
| | | | | | | | | 500,000 | 17,508,238 |
| | | | | | | | | <u>500,000</u> | <u>17,508,238</u> |

5 Advances, Deposit, Prepayments & Other Receivables

Security Deposit
Prepayments
Advance to Employees
Advance against Expenses
Advance against Suppliers & Others
Advance Tax
Receivable Profit on FDR

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|------------------|------------------|
| | | | | | | | | | |
| | | | | | | | | - | 661,000 |
| | | | | | | | | 1,757,500 | 1,507,500 |
| | | | | | | | | 62,000 | 62,000 |
| | | | | | | | | - | 859,438 |
| | | | | | | | | - | 31,159 |
| | | | | | | | | 5,996,728 | 3,085,862 |
| | | | | | | | | - | 1,060,200 |
| | | | | | | | | <u>7,816,228</u> | <u>7,267,159</u> |

6 Cash, Cheque & Bank Balances

Cash in hand
Cheque & Payorder in hand
Cash at bank

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|-------------------|-------------------|
| | | | | | | | | | |
| | | | | | | | | 26,197 | 26,827 |
| | | | | | | | | 35,938,000 | - |
| | | | | | | | | 26,936,169 | 29,606,202 |
| | | | | | | | | <u>62,900,366</u> | <u>29,633,029</u> |

INSTITUTE OF ARCHITECTS, PAKISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

| | | 2017 (RUPEES) | 2016 (RUPEES) |
|----|--|-------------------|-------------------|
| 7 | Accrued & Other Liabilities | | |
| | Accrued expenses | - | - |
| | Other payable | 233,646 | 450,084 |
| | Advance against Event Expenses IAPEX & Others | 660,765 | - |
| | | <u>894,411</u> | <u>450,084</u> |
| 8 | Contingencies & Commitments | | |
| | There is no contingencies and commitments at balance sheet date. | | |
| 9 | Receipts | | |
| | Subscriptions Fee | 1,277,800 | 655,600 |
| | Fund Generation from IAPEX | 77,271,804 | 66,145,344 |
| | Research Grant from Govt of Sindh | - | 885,000 |
| | Profit on PLS Account | 10,219 | 22,172 |
| | Profit on FDR | 211,974 | 1,060,200 |
| | Rental Income | 276,606 | 249,480 |
| | Donation from IAP Professionals, Members & Patrons | 20,000 | 1,950,000 |
| | | <u>79,068,403</u> | <u>70,967,796</u> |
| 10 | Cost of Services | | |
| | Event Expenses | | |
| | - IAPEX | 42,000,983 | 38,037,317 |
| | - Others | 5,263,835 | 4,813,089 |
| | | <u>47,264,818</u> | <u>42,850,406</u> |
| 11 | Administrative & General | | |
| | Salaries & Wages | 2,213,458 | 2,076,697 |
| | Utilities Expenses | 174,900 | 292,778 |
| | Travelling & Conveyance | 715,547 | 887,784 |
| | Communications | 263,907 | 366,612 |
| | Entertainment | 18,605 | 18,275 |
| | Printing & Stationery | 96,731 | 187,658 |
| | IAP News Letter Expenses | 244,500 | 732,080 |
| | Repair & Maintenance | 180,210 | 125,660 |
| | Rent, Rate & Taxes | 33,193 | 617,628 |
| | Internet , Web & Computer Expenses | 107,273 | 108,047 |
| | Auditors' Remuneration | 142,000 | 125,000 |
| | Legal & Professional | 1,090,983 | 942,669 |
| | Miscellaneous | 82,326 | 206,449 |
| | Depreciation | 173,338 | 192,275 |
| | | <u>5,536,971</u> | <u>6,879,612</u> |
| | 11.1. Auditors' Remuneration | | |
| | Audit Fee | 142,000 | 125,000 |
| | | <u>142,000</u> | <u>125,000</u> |
| 12 | Financial | | |
| | Bank Charges | 118,489 | 58,482 |
| 13 | Cash and Cash Equivalents | | |
| | Cash and bank balances | 6 62,900,366 | 29,633,029 |

INSTITUTE OF ARCHITECTS, PAKISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

14 **Number of Employees**

The Number of employees as at June 30, 2017 were 10 (2016 8)

15 **DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on August 04, 2017, by the Board of Governors of the Institute.

Karachi



President



Honorary Treasurer