



INSTITUTE OF ARCHITECTS
P A K I S T A N

ANNUAL GENERAL BODY MEETING 2019

A. G. HABIB & CO.
Chartered Accountants

**M/S. INSTITUTE OF ARCHITECTS., PAKISTAN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

A. G. HABIB & CO.
CHARTERED ACCOUNTANTS

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Ref No. _____

Date : _____

INDEPENDENT AUDITOR 'S REPORT**TO THE MEMBER'S OF M/S. INSTITUTE OF ARCHITECTS., PAKISTAN****Report on the Audit of the Financial Statements****Opinion**

We have audited the annexed financial statements of **M/S. INSTITUTE OF ARCHITECTS., PAKISTAN** , which comprise the statement of financial position as at **June 30, 2019** , and the profit and loss account, the statement of changes in equity, the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion and to the best of our information and according to explanations given to us, the statement of financial position, the profit and loss account, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in Report of Board of Directors, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

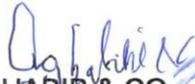
We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the profit and loss account, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).


A. G. HABIB & CO.

Chartered Accountants

Place : Karachi.

Dated : August 02, 2019



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Chartered Accountants

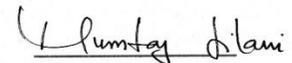
INSTITUTE OF ARCHITECTS, PAKISTAN
BALANCE SHEET AS AT JUNE 30, 2019

	NOTE	2019 (RUPEES)	2018 (RUPEES)
NON CURRENT ASSETS			
Fixed Assets	3	89,402,734	73,131,939
Long Term Investment	4	500,000	500,000
Short Term Investment		22,500,000	17,200,000
CURRENT ASSETS			
Advances, Deposit, Prepayments & Other Receivables	5	13,657,800	8,041,039
Cash, Cheque & Bank Balances	6	63,189,918	71,591,666
		76,847,719	79,632,705
TOTAL ASSETS		189,250,453	170,464,644
CURRENT LIABILITIES			
Accrued & Other Liabilities	7	545,704	758,074
NET ASSETS		188,704,749	169,706,570
FINANCED BY			
GENERAL FUND			
Opening Balance		169,706,570	128,762,528
Surplus transferred to General Fund		18,998,179	40,944,042
		188,704,749	169,706,570
CONTINGENCIES & COMMITMENTS	8	-	-
TOTAL GENERAL FUNDS		188,704,749	169,706,570

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

Karachi


President


Honorary Treasurer



A. G. HABIB & CO.
Chartered Accountants

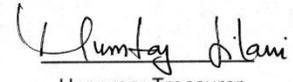
INSTITUTE OF ARCHITECTS, PAKISTAN
INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 (RUPEES)	2018 (RUPEES)
INCOME			
Receipts	9	99,966,330	107,093,198
Cost of Services	10	<u>72,058,981</u>	<u>58,668,118</u>
Gross Surplus		27,907,349	48,425,080
EXPENDITURE			
Administrative & General	11	<u>8,873,234</u>	<u>7,433,194</u>
Financial	12	<u>35,936</u>	<u>47,844</u>
		8,909,170	7,481,038
Surplus transferred to General Fund		18,998,179	40,944,042

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

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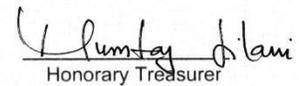
INSTITUTE OF ARCHITECTS, PAKISTAN
CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 (RUPEES)	2018 (RUPEES)
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		18,998,178	40,944,042
Adjustment for non cash charges:			
Depreciation		210,189	201,154
Operating Surplus before changes in Working Capital		19,208,368	41,145,196
(Increase) / decrease in Current Assets			
Advances, Deposit, Prepayments & Other Receivables		(5,616,762)	(224,811)
Increase/ (Decrease) in Current liabilities			
Accrued and other liabilities		(212,370)	(136,337)
Net Cash Flows from Operating Activities		13,379,237	40,784,048
CASH FLOWS FROM INVESTING ACTIVITIES			
Encashment / Investment in Long Term Investment		-	-
Investment in Short Term Deposit		(5,300,000)	(17,200,000)
Fixed capital expenditure		(16,480,983)	(14,892,748)
Net Cash Used in Investing Activities		(21,780,983)	(32,092,748)
Net Increase in Cash and Cash Equivalents		(8,401,746)	8,691,300
Cash and Cash Equivalents at the beginning of the year	6	71,591,666	62,900,366
Cash and Cash Equivalents at the end of the year	6	63,189,918	71,591,666

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

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INSTITUTE OF ARCHITECTS, PAKISTAN
STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	NOTE	2019 (RUPEES)
GENERAL FUND		
Balance as at June 30, 2017 as restated		128,762,527
Surplus transferred from income and expenditure account		<u>40,944,041</u>
Balance as at June 30, 2018		169,706,568
Surplus transferred from income and expenditure account		18,998,178
Balance as at June 30, 2019		<u><u>188,704,747</u></u>

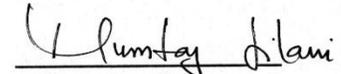
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INSTITUTE OF ARCHITECTS, PAKISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.



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INSTITUTE OF ARCHITECTS, PAKISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 compromise 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.

2.10 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,

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INSTITUTE OF ARCHITECTS, PAKISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

- Prior year' figures have been re-arranged, whenever necessary for the purpose of comparison.

		2019 (RUPEES)	2018 (RUPEES)
3	Property and Equipment		
	Property and equipment	3.1 6,044,688	5,985,976
	Capital work in progress	83,358,046	67,145,963
		<u>89,402,734</u>	<u>73,131,939</u>

3.1 Operating Fixed Assets

	Land	Office Premises	Furniture & Fixture	Office Equipment	Computer	Vehicle	Total
Net carrying value basis	-----RUPEES-----						
Year ended June 30, 2017							
Opening net book value	2,716,000	2,398,500	71,074	440,635	189,098	11,308	5,826,615
Additions	-	-	-	281,215	79,300	-	360,515
Disposal / Adjustment	-	-	-	-	-	-	-
Depreciation Charges for the year	-	-	(10,661)	(108,278)	(80,519)	(1,696)	(201,154)
Net book value as at June 30, 2018	2,716,000	2,398,500	60,413	613,572	187,879	9,612	5,985,976

	Land	Office Premises	Furniture & Fixture	Office Equipment	Computer	Vehicle	Total
Net carrying value basis	-----RUPEES-----						
Year ended June 30, 2018							
Opening net book value	2,716,000	2,398,500	60,413	613,572	187,879	9,612	5,985,976
Additions	-	-	127,400	68,500	73,000	-	268,900
Disposal / Adjustment	-	-	-	-	-	-	-
Depreciation Charges for the year	-	-	(28,172)	(102,310)	(78,264)	(1,442)	(210,188)
Net book value as at June 30, 2019	2,716,000	2,398,500	159,641	579,762	182,615	8,170	6,044,688
Annual rate of Depreciation	-	-	15%	15%	30%	15%	

4	Long Term Investment		
	DSC / FDR / TDR Certificates	500,000	500,000
		<u>500,000</u>	<u>500,000</u>

The Institute made investments in DSC through National Saving Centre amounting to Rs.500,000

5	Advances, Deposit, Prepayments & Other Receivables		
	Security Deposit	800,000	10,000
	Prepayments	3,500,750	1,507,500
	Advance to Employees	97,000	74,000
	Advance against Expenses	-	21,784
	Advance Tax	9,260,050	6,427,755
		<u>13,657,800</u>	<u>8,041,039</u>

6	Cash, Cheque & Bank Balances		
	Cash in hand	107,425	106,057
	Cash at bank	63,082,493	71,485,609
		<u>63,189,918</u>	<u>71,591,666</u>

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INSTITUTE OF ARCHITECTS, PAKISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

	2019 (RUPEES)	2018 (RUPEES)
7 Accrued & Other Liabilities		
Other payable	287,942	418,642
Advance against Event Expenses IAPEX & Others	257,762	339,432
	<u>545,704</u>	<u>758,074</u>
8 Contingencies & Commitments		
There is no contingencies and commitments at balance sheet date.		
9 Receipts		
Subscriptions Fee	1,487,000	683,300
Fund Generation from IAPEX	96,456,563	105,976,315
Profit on PLS Account	602,041	208,377
Profit on FDR	181,664	-
Rental Income	79,062	225,206
Donation from IAP Professionals, Members & Patrons	1,160,000	-
	<u>99,966,330</u>	<u>107,093,198</u>
10 Cost of Services		
Event Expenses		
- IAPEX	68,226,752	54,110,516
- Others	3,832,229	4,557,602
	<u>72,058,981</u>	<u>58,668,118</u>
11 Administrative & General		
Salaries & Wages	3,499,661	3,181,154
Utilities Expenses	246,362	165,300
Travelling & Conveyance	1,595,945	1,165,209
Communications	381,832	344,020
Entertainment	-	5,643
Printing & Stationery	142,399	107,006
BAE Expenses	874,095	130,267
IAP News Letter Expenses	311,138	22,223
Repair & Maintenance	133,858	125,290
Income Tax on FDR Profit	11,096	-
Rent, Rate & Taxes	-	33,945
Internet, Web & Computer Expenses	595,133	73,152
Auditors' Remuneration	11.1 172,000	156,200
Legal & Professional	569,567	1,587,754
Miscellaneous	129,959	134,877
Depreciation	210,188	201,154
	<u>8,873,233</u>	<u>7,433,194</u>
11.1. Auditors' Remuneration		
Audit Fee	172,000	156,200
	<u>172,000</u>	<u>156,200</u>
12 Financial		
Bank Charges	<u>35,936</u>	<u>47,844</u>
13 Cash and Cash Equivalents		

INSTITUTE OF ARCHITECTS, PAKISTAN

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

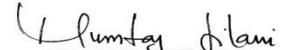
	Cash and bank balances	6	<u>63,189,918</u>	<u>71,591,666</u>
14	Number of Employees The Number of employees as at June 30, 2019 were 8 (2018 : 8)			
15	DATE OF AUTHORISATION FOR ISSUE These financial statements were authorised for issue on August 01, 2019, by the Board of Governors of the Institute.			

Karachi



President





Honorary Treasurer