

FEROZ AZIZ & COMPANY

Chartered Accountants

211, Business Arcade,
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**INSTITUTE OF ARCHITECTS PAKISTAN
ACCOUNTS FOR THE YEAR ENDED
30-Jun-21**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF M/S INSTITUTE OF ARCHITECTS, PAKISTAN

Opinion

We have audited the annexed financial statements of **INSTITUTE OF ARCHITECTS, PAKISTAN** (the 'Institute'), which comprise the balance sheet as at JUNE 30, 2021 and the profit or loss accounts, the statement of changes in equity, the statement of cash flows 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 explanation which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows 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 institute's affairs as at DECEMBER 31, 2020 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the period 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 institute in accordance with the International Ethics Standards Board for Accountants, Code of Ethics for Professional Accountant as adopted by the institute of Chartered Accountant 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

Management is responsible for the other information. The other information comprises the information included in the Annual Report 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 this 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 requirement of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error.



Chartered Accountants

In preparing the financial statements, management is responsible for assessing the institute'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 Institute or to cease operations, or has no realistic alternative but to do so.

Boards of directors are responsible for overseeing the Institute's financial reporting process.

Auditors Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement 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 economics 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 statement, 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 Institute'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 Institute'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 up to the date of our auditor's report. However, future events or conditions may cause Institute to cease to continue as going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Institute as required by the Companies Act, 2017 (XIX of 2017);
- b) The balance sheet, the profit or loss accounts, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) except for certain disclosures required under the Companies Act, 2017 and are in agreement with the books of account and returns:
- c) Investment made, expenditure incurred and guarantees extended during the period were for the purpose of the Institute's business: and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi October 07, 2021


Chartered Accountants



INSTITUTE OF ARCHITECTS PAKISTAN

STATEMENT OF FINANCIAL POSITION

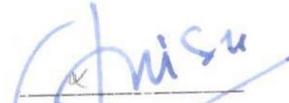
AS AT 30 JUNE 2021

<u>Non Current Assets</u>	Note	2021 Rupees	2020 Rupees
Fixed assets - tangible	3	8,301,681	8,820,922
Long Term Investment		500,000	500,000
<u>Current Assets</u>			
NC Share Recievable		1,722,551	-
Advances and short term deposits	4	3,522,452	4,091,375
Short Term Investment		8,000,000	26,000,000
Pay Order(LC)		1,459,580	1,459,580
Advance income tax	5	9,636,768	9,276,988
CWIP - IAP Project		101,540,045	92,649,529
Cash and bank balances	6	79,317,075	72,219,447
		205,198,471	205,696,919
		214,000,152	215,017,841
<u>Current Liabilities</u>			
Unearned Income		1,125,000	1,225,000
Creditors, accrued & other liabilities		3,510,292	546,852
		4,635,292	1,771,852
		209,364,860	213,245,989
<u>Share Capital and Reserves</u>			
Opening Balance		213,245,988	188,592,368
Surplus Transfer to General Fund		(3,881,128)	24,653,620
		209,364,860	213,245,988

Annexed notes from 1 to 13 form an integral part of these financial statements.



President



Hon. Treasurer

INSTITUTE OF ARCHITECTS PAKISTAN

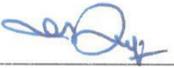
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
IAPEX INCOME		9,395,246	95,326,393
EVENT INCOME		3,917,500	5,177,376
Donation from IAP House		1,479,973	169,000
MEMBERSHIP FEE INCOME		1,862,200	1,960,498
TOTAL RECEIPTS		16,654,919	102,633,267
COST OF SERVICES		(4,392,478)	(59,246,430)
GROSS PROFIT		12,262,441	43,386,837

OPERATING EXPENSES

Administrative, selling & general	7	16,815,877	18,699,007
Bank charges		17,233	28,204
Total operating expenses		16,833,110	18,727,211
Other Income		689,541	-
Total comprehensive loss		(3,881,128)	24,659,623

Annexed notes from 1 to 13 form an integral part of these financial statements.



President



Hon. Treasurer

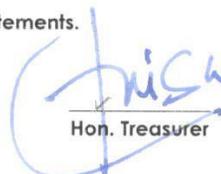
INSTITUTE OF ARCHITECTS PAKISTAN
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

<u>Cash flow from operating activities</u>	2021 Rupees	2020 Rupees
Loss after taxation	(3,881,128)	24,659,623
<u>Adjustment for non-cash charges & other items</u>		
Financial charges	17,233	28,204
Depreciation	604,541	705,341
	621,775	733,545
Operating loss before working capital changes	(3,259,354)	25,393,168
<u>(Increase) / Decrease in current assets</u>		
Short Term Investment	18,000,000	(3,500,000)
CWIP - IAP Project	(8,890,516)	(92,649,529)
Advance income tax	(359,781)	(9,276,988)
NC Share Recievable	(1,722,551)	-
Advance & Short term trade deposits	568,923	9,566,425
	7,596,076	(95,860,092)
<u>Increase / (Decrease) in current liabilities</u>		
Unearned Income	(100,000)	1,225,000
Creditors, Accrued & other liabilities	2,963,440	1,148
	10,459,516	(94,633,944)
Financial charges paid	(17,233)	(28,204)
Taxation (net)	-	-
Net cash from operating activities	7,182,928	(69,268,979)
<u>Cash flow from investing activities</u>		
Capital expenditure	(85,300)	77,100,236
Net cash used in investing activities	(85,300)	77,100,236
<u>Cash flow from financing activities</u>		
Issuane of Shares	-	-
Long term loan	-	-
Net cash from financing activities	-	-
Net decrease in cash & cash equivalent	7,097,628	7,831,257
Cash & cash equivalent at the beginning of the year	73,679,027	65,847,770
Cash & cash equivalent at close of the year	80,776,655	73,679,027

Annexed notes from 1 to 13 form an integral part of these financial statements.



President



Hon. Treasurer

**INSTITUTE OF ARCHITECTS PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

1. LEGAL STATUS AND OPERATIONS

Institute Of Architects Pakistan(IAP) is a company limited by guarantee on May 22, 1969 and is duly registered under section 42 of Company ordinance 1984. IAP is a non-profit organization the aim & 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 wellbeing 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. BASIS OF PRESENTATION

2.1 Accounting convention

These financial statements have been prepared under historical cost convention without taking into account the effect of inflation or current cost.

2.2 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 Small Sized Entities issued by the Institute of Chartered Accountants of Pakistan and the provisions of the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act 2017 shall prevail.

2.3 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and have been rounded off to the nearest rupee.

2.4 Significant accounting estimates and judgments

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 judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effective.

These estimates and judgments, that have a significant effect on the financial statements, are in respect of the followings:

- (i) Determining the residual values and useful lives of assets and methods of depreciation
- (ii) Impairment of assets
- (iii) Recognition of taxation and deferred tax

2.5 Operating Fixed Assets

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, which have stated at cost. Cost comprises of acquisition and other directly attributable costs. Depreciation is charged using the straight line method at the rates specified in Note - 3. Depreciation is charged from the month in which it is put into operation and on disposal upto the month of disposal . The asset's residual value and useful life are reviewed and adjusted if appropriate, at each balance sheet date.

Normal repairs and maintenance are charged to income as and when incurred. Subsequent improvements are capitalized when it is probable that respective future economic benefits embodied in them will flow to the company and the cost of the item can be measured reliably.

Gain and losses on disposals of operating assets, if any, are included in profit and loss.

2.6 Impairment of assets

At each Balance Sheet date, the carrying value of fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

2.7 Trade debts and other receivables

Trade debts originated by the Company are recognized and carried at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off when identified.

2.8 Financial instruments

All financial assets and financial liabilities are recognized at the time when the company becomes party to the contractual provisions of the instruments. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is taken to profit and loss account currently.

2.9 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.10 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available.

Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be set off. The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

The Company has established a recognized provident fund, wherein the Company and its employees contribute 10% of basic salary equally.

2.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.12 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company 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 expired. Any gain or loss on recognition / derecognition of the financial assets and financial liabilities is taken to profit and loss account.

2.13 Offsetting of financial assets and financial liabilities

A financial asset(s) and a financial liability(ies) is offset and the net amount reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously, if any. Corresponding income and expenditure if any, are also netted off and reported on a net basis in the profit and loss account.

2.14 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (presentation currency) at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated in to Pak Rupees at the rates ruling at the balance sheet date. Exchange differences on foreign currency translations are included in profit and loss account.

2.15 Revenue recognition

Revenue for local services is based on pre-announced rate schedule and is recognized when the services are rendered.

2.16 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cheques / pay orders in hand, bank balances and these are set off against balance in running finance.

2.17 Dividend and other appropriations of reserves

These are recognized in the period in which such dividend and appropriation are approved by the Board of Directors.

3 Fixed Assets - Tangible

	Cost				Rate %	Depreciation			Written Down Value as at 30 June, 2021 Rupees
	as at 1 July, 2020 Rupees	Addition during the year Rupees	(Deletion) during the period Rupees	as at 30 June, 2021 Rupees		as at 1 July, 2020 Rupees	For the year Rupees	as at 30 June, 2021 Rupees	
Land	135,000	-	-	135,000	0%	-	-	-	135,000
Office premises	4,979,500	-	-	4,979,500	-	-	-	-	4,979,500
vehicle	74,945	-	-	74,945	15%	-	11,242	11,242	63,703
Computers & Accessories	185,754	52,800	-	238,554	30%	-	71,566	71,566	166,988
Furniture & Office equipments	2,609,029	-	-	2,609,029	15%	-	391,354	391,354	2,217,675
Office Equipments	836,694	32,500	-	869,194	15%	-	130,379	130,379	738,815
Total : 2021	8,820,922	85,300	-	8,906,222		-	604,541	604,541	8,301,681
Total : 2020	6,044,687	3,481,576	-	9,526,263		-	705,341	705,341	8,820,922

4

	2021 Rupees	2020 Rupees
4 Advance, Deposits & Other Recivables		
Staff Advances	442,048	291,000
Security Deposit(LC)	1,096,027	1,616,000
Security Deposit		300,000
Other Advances	100,000	-
Prepaid Rent (EXPO Center)	1,884,375	1,884,375
	3,522,450	4,091,375
5 Advance Taxes		
Advance Income Tax	9,636,768	9,276,988
	9,636,768	9,276,988
6 Cash & Bank Balances		
Bank Al Habib (KC)	1,531,259	311,333
HBL	781,391	1,504,934
Bank Al Habib (NC)	8,112,065	2,639,094
Bank Al Habib (IAPEX)	1,407,675	565,630
MCB Bank Ltd (RIC)	8,286,054	3,501,104
MCB Bank Ltd (IAP House)	694,563	6,106,972
Bank Alfalah (LC)	37,365,439	36,521,419
Al Baraka Bank (LC)	44,242	43,165
BOP (LC)	21,005,906	21,005,906
Cash	88,481	19,890
	79,317,075	72,219,447
7 Creditors,Accrued & Other Liabilities		
Accrued & other liabilities	3,510,294	546,852
	3,510,294	546,852

8 <u>Administrative Selling & General Expense</u>	2021 Rupees	2020 Rupees
Salaries, commission & allowances	4,708,175	4,253,776
Fees & Subscription	412,372	-
Utility expense	606,081	276,938
Rent expense	611,200	555,192
Communication & internet expense	203,283	458,763
Traveling & conveyance expense	348,401	1,137,208
Health Insurance	-	2,080,513
Accounts & Consultancy	843,467	-
Advertising Expense	110,200	312,042
Repair & maintenance expense	1,570,040	479,646
Printing & stationary	48,261	233,092
Entertainment expense	164,669	77,474
Postage & courier expense	35,242	-
Depreciation expense	604,542	705,341
BAE Expenses	636,274	1,085,634
National Council Share	3,749,743	6,088,308
Income Tax on Profit	-	67,293
Cash loss exp	72,408	-
Generator Fuel	19,820	-
Water Expense	35,945	-
Technology Exp	67,800	-
Cricket expense	193,300	-
Legal & Professional Fees	467,265	622,543
Janitorial Expense	35,196	-
Auditor fees	-	189,500
Donation Exp	1,000,000	-
Miscellaneous expenses	272,193	75,747
	<u>16,815,877</u>	<u>18,699,100</u>

9 Taxation

This represents minimum tax U/S 113 of the income tax Ordinance, 2001 @ 1.5% of declared turnover.

10 NUMBER OF EMPLOYEES

Number of permanent employees as at June 30, 2021 were ____ (2020 : _____).

11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 07, 2021 by the Board of Directors of the Company.

12 GENERAL

12.1 Figures of prior year have been re-arranged and re-grouped for the purpose of comparison.

12.2 Figures have been rounded off to nearest rupee.



President



Hon. Treasurer