




President's Review

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PRESIDENT'S REVIEW



It gives me great pleasure to welcome you to the 46th Annual General Meeting to present the Annual Report of the Institute of Chartered Accountants of Pakistan for the year ended June 30, 2007

The preceding year, as always, was significant for the Institute in terms of the efforts and consequential recognition it received internationally. The Institute signed Memorandum of Understanding with ICAEW enabling progression of ICAP members to obtain ICAEW, ACA qualification. The efforts and far sightedness of the past Council Members in setting the direction and steering the Institute to achieve international standards of education and examination and focused effort of our past President Syed Mohammad Shabbar Zaidi culminated in signing of this Memorandum. The knowledge and expertise of the 928 ICAP members working in thirty five countries of the world especially the sizeable number employed by the Big Four practicing firms was also instrumental in this achievement. However, this is only the beginning of the goal set by your Council, that is, recognition of the training and qualification.

Your Council Members, Mr. Mohammad Abdullah Yusuf, Secretary Revenue Division & Chairman Central Board of Revenue and Syed Mohammed Shabbar Zaidi's nomination on the International Auditing and Assurance Board and the Developing Nations Committee of IFAC has been accepted. Your Institute is now represented by four nominees in IFAC. Mr Zaidi has also been elected as Vice President of South Asian Federation of Accountants (SAFA).

Though it is satisfying to note that such large proportion of our membership is working abroad, yet it is a matter of concern that we are unable to meet demands of the growing economy of Pakistan and the number of Chartered Accountants passing each year remains low. In the ensuing year, we will be focusing efforts to meet the growing demand by providing better facilities to attract students and reviewing existing system of education, training and examination.

There are several reasons why large proportion of society is not attracted towards the profession. One major cause is that our present streams of induction impose limitations on

taking the profession to the four corners of Pakistan. We are enthusiastic in extending our reach to the smaller cities and towns and to fresh college graduates to attract quality students to our fold. This will require major initiatives on our part to create awareness about the profession and its far reaching benefits to commerce, industry and eventually society at large. In the coming year our endeavours would be directed to address this issue and your Council is determined to bring about changes of far reaching consequences. The report of the Task Force specially constituted for this purpose which has addressed these issues is being implemented vigorously. In the past we have taken some steps that include opening of a new examination centre in Hyderabad and branch offices in Multan and Faisalabad. We feel this has helped the Institute and more needs to be done to extend our reach. Efforts are being made to open a branch office in Peshawar, shortly.

Funds have been allocated for the establishment of two Endowment Funds. ICAP will contribute 50 percent of the amount of each fund. These Funds are being established with an initial outlay of Rs. 10 million and 30 million for "development of libraries" and "students' welfare" respectively. The purpose of "Libraries Fund" is to continually develop our libraries at Karachi, Lahore, Islamabad, Faisalabad, Multan and other areas where ICAP libraries will be situated. Funds will also be utilized for subscribing to various printed and electronic material. The purpose of "Students Fund" is to provide subsistence to needy students of ICAP. ICAP will also liaise with the educational institutions providing secondary to post graduate level education to identify bright needy students and persuade them to take up chartered accountancy as a career. Smaller cities and rural areas are likely to benefit significantly from this scheme. This scheme will replace

Interest Free Education Loans (IFEL) scheme.

Worldwide Medium and Small sized businesses play significant role in the economy. In Pakistan also such businesses have played their role admirably. However, with changing situation around us we need to take cognizance of realities. While many Small and Medium sized businesses and professional firms have responded to global competitiveness by implementation of SME Standards, these individual decisions do not address the challenges to maintain crucial accounting and auditing capacities important to Pakistan's economic vitality. The opening of the Chinese, Indian, and former Soviet bloc economies has led to more than a doubling of the global market's workforce. Mobile capital and technology flows accelerate this trend. Our profession has to take stock of this changing world scenario now, and the Institute has to provide the leadership on both national and international levels to bring Pakistan to the forefront of Emerging Economies.

Institute, has provided a platform by way of introduction and implementation of Accounting Standards for SMEs to bring such businesses within organised and documented sector. We appreciate Securities & Exchange Commission of Pakistan in their support in these efforts.

We take pride in our profession being one where education alone is not sufficient for a student to join the ranks of professionals. They have to undergo rigors of training with a firm of Chartered Accountants to hone their skills. Students registered with firms having international affiliation benefit significantly because of the knowledge, and experience in the training of students and international best practises shared by affiliates.

Their trainees' client exposure is also significant which helps in capacity building. Students registered with Small and Medium sized practices (SMPs) without international affiliation may not have similar advantage. The Institute is conscious of the fact and plans several measures in this regard.

Our mission for SMPs is to provide institutional support to enable them to comply with international best practises, expand their base and to provide the environment to attract and retain good students. Our strategy is to enable and encourage Networking, build capacity through education, provide technical guidance and practical support through the Institute. In this regard knowledge based Website support and Quality Assurance will also play a significant role. We will have to develop and facilitate SMPs. We will have to create synergies that individual accounting firms can benefit from by sharing database, enhanced communication and networking opportunities with firms performing similar services. I assure members that the Institute will pave the way for consolidation of its services and available resources to provide cost and time effective services to SMPs. There is huge potential for the growth of SMPs. We want to see a Network of strong SMPs which will ultimately strengthen our profession.

During the year roundtable meetings on QCR standards and networking of audit firms were conducted to create awareness. A great deal of emphasis was put on Training of SMP students through seminars conducted in Karachi and Lahore. The Institute has introduced periodical guidelines for 'Networking of Firms' to support SMPs in understanding the requirements of ISQC1 and implementing them in letter and spirit. SMPs may be operating in an environment where formalization of quality control procedures may not be in place.

Our aim will be to create the kind of work environment in Pakistan which is conducive to the abilities of our existing professionals, and increases our capacity for further input of qualified accountants in to the system to monitor and enforce the compliance of internationally acceptable standards and codes. And finally to create a Brand Vision for ICAP that enhances competencies and provides leadership.

While recognising the achievements, I can not forget to recall the valued and dedicated contribution of our fellow Council Member Mr. Arif Mansoor. Mr. Mansoor died in a tragic accident during his visit to Saudi Arabia to perform Umrah. May Almighty Allah rest his soul in eternal peace.

I would like to record appreciation of the efforts, time and contribution of my predecessor Mr. Nasim Hyder, duly supported by the two Vice Presidents Mr. Farrukh Junaidy and Mr. Shahzad Hussain and fellow Council Members specially the Government nominees Mr. Razi ur Rahman Khan, Mr. Mohammed Abdullah Yusuf, and Dr. Faizullah Khilji for their dedication and contribution in the Council Meetings. I also wish to recognise the spirit of team work and contribution of all ICAP executives and staff and their sincere hard work for the Institute.

I can not conclude without specially thanking all members of the Institute whose guidance and support always remained a great source of inspiration for the Council to discharge its duties. We always remain open and look forward to the valuable suggestions from the worthy members as we strive to improve the efficiencies and respect of the institution.



Imran Afzal
President
October 11, 2007