



**The Institute of
Chartered Accountants
of Pakistan**



**Institute of
Cost and Management Accountants
of Pakistan**

**Evaluation Committee of the
Joint Committee of ICAP and ICMAP**

EVALUATION CRITERIA 2011



Best Corporate Report Awards

The aim of the Best Corporate Report (BCR) Awards is to encourage and give recognition to excellence in annual corporate reporting. Instituted and presented for the first time in 2000, BCR Awards seek to promote corporate accountability and transparency through the publication of timely, informative, factual and reader friendly annual reports.

Best Corporate Report Awards

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ELIGIBILITY:

1. Any corporate report in which the auditors' report has any qualification / disclaimer of opinion / adverse opinion or emphasis of matter paragraph, will not be eligible for the Award. However, this will not apply to those reports having emphasis of matter paragraph relating to matters which are beyond the control of the management.
2. Minimum qualifying marks are 60.
3. Non-listed entities, may also take part in the competition provided the following conditions are met:
 - (a) Full compliance with the Code of Corporate Governance as per Stock Exchange Regulations, and its compliance has been reviewed by the external auditors.
 - (b) Auditors' report to the members is in accordance with relevant standards/statute.

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Max. Marks

Total Maximum Marks 100

Max. Marks

| EVALUATION CRITERIA 2011 | Max. Marks | Total Maximum Marks 100 | Max. Marks |
|--|------------|---|------------|
| 1. Corporate Objectives | 4 | | |
| 1.1 Vision | 1 | | |
| 1.2 Mission | 1 | | |
| 1.3 Overall strategic objectives | 1 | | |
| 1.4 Core values and code of conduct or ethical principles | 1 | | |
| 2. Directors' Report / Chairman's / CEO's Review | 20 | | |
| *2.1 Description of nature of business including a macro-level (e.g. industry, main markets, and legal environment) and a micro-level (e.g. business model, product portfolio) discussion | 3 | *2.5 Description of critical performance measures and indicators which management uses to measure performance of the entity against stated objectives of the entity and whether the indicators used currently will continue to be relevant in the future | 2 |
| *2.2 Explanation of management's objectives and its strategies for meeting those objectives including priorities for action and addressing threats and opportunities of market trends | 3 | 2.6 Market share information preferably from an independent source | 1 |
| *2.3 Description of the entity's most significant: <ol style="list-style-type: none"> (a) Resources, including an analysis of liquidity, cash flows, financing arrangements, human capital and capital structure, including any inadequacies in the capital structure and plans to address such inadequacies; (b) Risks, including strategic, commercial operational and financial risks; and (c) Relationships, which are likely to affect performance and value of the entity | 3 | 2.7 Highlights on the entity's performance in relation to the following aspects of corporate sustainability: <ol style="list-style-type: none"> (a) Corporate Social Responsibility (b) Energy conservation (c) Environmental protection measures (d) Community investment & welfare schemes (e) Consumer protection measures (f) Industrial relations (g) Employment of special persons (h) Occupational safety & health (i) Business ethics & anti-corruption measures (j) National cause donations (k) Contribution to national exchequer (l) Rural development programmes | 6 |
| *2.4 Description of the entity's financial and non-financial performance (results) and the future prospects, including whether the performance may be indicative of the future performance | 2 | <p>*Note: For further guidance, please refer to IFRS Practice Statement Management Commentary issued by the IASB, available at: http://www.ifrs.org/NR/rdonlyres/9EA9F29A-3F34-4E39-9388-989B07563D4E/0/Managementcommentarypracticestatement8December.pdf</p> | |

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Max.
Marks

Max.
Marks

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|---|-------------------------------------|--|
| <p>3. Disclosures</p> <p>3.1 Full marks where disclosures are those as prescribed by the IFRS, SBP, SECP and other applicable laws & regulations, else zero.</p> <p>3.2 The following additional disclosures, where applicable, will also be considered:</p> <p>(a) Comprehensive related party disclosure</p> <p>(b) Disclosure of all changes in corresponding figures</p> <p>(c) Adequate disclosure of significant judgment and estimates</p> <p>(d) Detailed disclosure of financial instruments</p> <p>(e) Detailed disclosure of facilities provided to CEO and Directors</p> <p>(f) Detailed disclosure of all contingencies and commitments</p> <p>(g) Income tax reconciliation as required by IFRS</p> <p>(h) Reconciliation of weighted average number of shares for calculating EPS and diluted EPS</p> <p>(i) Adequate disclosure of new accounting standards and their expected impact</p> <p>(j) Sector wise analysis of deposits and advances</p> <p>(k) Segment analysis of gross income and profit before tax</p> <p>(l) Cash Flow Statement based on Direct Method</p> <p>(m) Disclosure of fair value of Property, Plant and Equipment</p> <p>(n) Summary of significant/ material assets or immovable property</p> <p>(o) WDV reconciliation as per IAS 16</p> <p>(p) Disclosure of discounts on revenue</p> <p>(q) Detailed plant capacity disclosure</p> | <p>20</p> <p>5</p> <p>15</p> | <p>Investment /Market Ratios</p> <ul style="list-style-type: none"> • Earnings per Share (EPS) and diluted EPS • Price Earnings ratio • Price to Book ratio • Dividend Yield ratio • Dividend Payout ratio • Cash Dividend • Stock Dividend • Market value per share at the end of the year and high/low during the year <p>Capital Structure Ratios</p> <ul style="list-style-type: none"> • Capital Adequacy ratio • Earning assets to total assets ratio • Weighted Average cost of deposit • Net assets per share • Maturity analysis of assets and liabilities • Concentration of assets, liabilities and off Balance Sheet items • Disclosure of non performing loans <p>Non-Financial Sector:</p> <p>Profitability Ratios</p> <ul style="list-style-type: none"> • Gross Profit ratio • Net Profit to Sales • EBITDA Margin to Sales • Operating Leverage • Return on Equity • Return on Capital employed <p>Liquidity Ratios</p> <ul style="list-style-type: none"> • Current ratio • Quick / Acid test ratio • Cash to Current Liabilities • Cash flow from Operations to Sales <p>Activity / Turnover Ratios</p> <ul style="list-style-type: none"> • Inventory turnover ratio / No. of Days in Inventory • Debtor turnover ratio / No. of Days in Receivables • Creditor turnover ratio / No.of Days in Creditors • Total Assets turnover ratio / Fixed Assets turnover ratio • Operating cycle <p>Investment /Market Ratios</p> <ul style="list-style-type: none"> • Earnings per Share (EPS) and diluted EPS • Price Earnings ratio • Dividend Yield ratio • Dividend Payout ratio • Dividend Cover ratio • Cash Dividend • Stock Dividend • Market value per share at the end of the year and high/low during the year • Breakup value per share without Surplus on Revaluation of Fixed Assets • Breakup value per share including the effect of Surplus on Revaluation of Fixed Assets <p>Capital Structure Ratios</p> <ul style="list-style-type: none"> • Financial leverage ratio • Weighted average cost of debt • Debt to Equity ratio • Interest Cover ratio |
| <p>4. Stakeholder's Information</p> <p>4.1 Performance indicators for 6 years:</p> <p><u>Financial Sector:</u></p> <p>Profitability Ratios</p> <ul style="list-style-type: none"> • Profit before tax ratio • Gross Yield on Earning Assets • Gross Spread ratio • Cost/Income ratio • Return on Equity • Return on Capital employed <p>Liquidity Ratios</p> <ul style="list-style-type: none"> • Advances to deposits ratio • Current ratio • Quick / Acid test ratio • Cash to Current Liabilities | <p>21</p> <p>12</p> | <p>Note: Suggested formulas are available at http://www.icap.org.pk/web/links/0/bestcorporatereportawards.php</p> |

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Max.
Marks

Max.
Marks

| | | | | |
|-------------------------------|--|-----------|---|--|
| 4.2 | Summary of the Cash Flow Statement for 6 years | 1 | 6. Corporate Governance | 25 |
| 4.3 | Shares held by Sponsors / Directors / Executives | 1 | 6.1 | Date of authorization of Financial Statements by the Board of Directors: |
| 4.4 | Vertical and Horizontal analysis of Balance Sheet and Profit and Loss Account for 6 years | 3 | ▶ | within 45 Days --- 6 Marks |
| 4.5 | Statement of Value Added and how distributed with graphical presentation: | 3 | ▶ | within 60 Days --- 4 Marks |
| ▶ | To Employees as remuneration | | ▶ | within 75 Days --- 2 Marks |
| ▶ | To Government as taxes | | 6.2 | Compliance with the Best Practices of Code of Corporate Governance. (No marks in case of any non-compliance) |
| ▶ | To Shareholders as dividends | | 6.3 | The Board structure and its committees |
| ▶ | To providers of finance as financial charges | | 6.4 | Chairman of the Board other than the CEO |
| ▶ | To Society | | 6.5 | Information on other Board Committees, their terms of reference and the number of meetings held |
| ▶ | Retained within the business | | 6.6 | Salient features of the Audit Committee Charter/ Terms of Reference |
| 4.6 | Investors' Relations section on the corporate website | 1 | 6.7 | Name of independent directors / non-executive directors |
| 5. Report Presentation | | 10 | 6.8 | Disclosure for all members of the Board of Directors: |
| 5.1 | Theme on the cover and quality of printing and paper | 2 | (a) Profile of each director | |
| 5.2 | Effectiveness of photographs and their relevance | 1 | (b) Involvement / engagement of each director in other companies / entities as CEO, Director, CFO or Trustee etc. | |
| 5.3 | Effectiveness of charts and graphic presentation of Balance Sheet, Profit & Loss Account and Cash Flow Statement | 3 | 6.9 | Non- executive directors on the Audit Committee (Full marks if all are non-executive directors, else zero) |
| 5.4 | Comprehensiveness of corporate information (address for correspondence along with website, email addresses and phone nos.) | 1 | 6.10 | Organization Chart |
| 5.5 | Complete and accessible annual report on the website | 2 | 6.11 | Disclosure of criteria to evaluate Board's performance |
| 5.6 | Definition and glossary of terms / Calendar of major events during the year | 1 | 6.12 | CEO performance review |
| | | | Total Maximum Marks | 100 |

Evaluation Committee of the Joint Committee of ICAP and ICMAP

Chairman:

Abdul Rahim Suriya, FCA, FCMA

Members:

Fazal Ahmed, ACMA
Hena Irfan Ahmed, ACA
Muhammad Farid Alam, FCA
Omar Mustafa Ansari, FCA
Syed Fahim ul Hasan, FCA, ACMA
Naveed Abdul Hameed, ACA
Khurram Jameel, ACA
Wasif Khalid, ACA
Masoud Ali Khan, FCMA
Naresh Kumar, ACA
Ahsan Ghaffar Mehanti, ACA
Aftab Qutbuddin Munshi, FCMA
Zafar Iqbal Sobani, FCA, FCMA

Joint Committee of ICAP and ICMAP

Chairman:

Muhammad Rafi, FCMA

Members nominated by ICAP:

Abdul Rahim Suriya, FCA, FCMA
Ahmad Saeed, FCA

Members nominated by ICMAP:

M. Ayub Khan Tarin (GoP Nominee)
Masud Muzaffar, FCMA
Mushtaq A. Madraswala, FCMA

Joint Committee Secretariat

Muhammed Owais Mukati, FCA
Asif Ali Jah, FCMA