



The Institute of
Chartered Accountants
of Pakistan

Evaluation Committee of the Joint Committee of ICAP and ICMAP



Institute of
Cost and Management Accountants
of Pakistan

EVALUATION CRITERIA 2009



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 EVALUATION CRITERIA 2009

ELIGIBILITY:

1. Any corporate report in which the auditors' report has any qualification/ disclaimer of opinion/ adverse opinion or matter of emphasis due to going concern will not be eligible for the competition.
2. A Company / Financial Institution should score minimum 60 points
3. Non-listed and private Companies / Financial Institutions can also take part in the competition provided they meet the following conditions:
 - (a) They have fully complied with the Code of Corporate Governance and its compliance has been reviewed by their external auditors.
 - (b) Auditors' report to the Members in accordance with relevant standards / statute.

To download BCR Evaluation Criteria 2009 please visit:
www.icap.org.pk / www.icmap.com.pk

FINANCIAL SECTOR

A Corporate Objectives

Giving information in relation to the strategic thinking of a Financial Institution to the stakeholders.

- 1.1 Vision
- 1.2 Mission
- 1.3 Overall strategic objectives
- 1.4 Core values and code of conduct or ethical principles

B Directors' Report / Chairman's / CEO Review

- 2.1 A general review of the performance of the Financial Institution, its various activities and products during the period under review. (weightage to be given for pictorial/graphical/tabular presentation used for this purpose)
- 2.2 A brief summary of Business Risks and Challenges facing the Financial Institution, including analysis of external environment steps taken to manage effectively such risks and plan to meet such challenges. Update on Basel II implementation plan where applicable.
- 2.3 A general review of the future prospects, outlook and plans for expansion including liquidity management strategy vis-à-vis short and long-term commitments of the Financial Institution.
- 2.4 Business process reengineering / development activities.
- 2.5 Outline of the contribution of the Financial Institution to the national exchequer and the economy of the country.
- 2.6 Information on how the Financial Institution contributed to its responsibilities towards the development of Human Resources i.e. work force planning, staff training etc.
- 2.7 Corporate social responsibilities, environmental issues and how these have been met.
- 2.8 Market share information preferably from an independent source.
- 2.9 Disclose strategy to over come liquidity problems, if any, being faced by the Financial Institution and the Institution's plan to manage its repayment of liabilities and recover non-performing loans.
- 2.10 Information on the financial products/instruments marketed and disclosure of the market value of instruments that are actively traded.

NON-FINANCIAL SECTOR

A Corporate Objectives

Giving information in relation to the strategic thinking of a company to the stakeholders.

- 1.1 Vision
- 1.2 Mission
- 1.3 Overall strategic objectives
- 1.4 Core values and code of conduct or ethical principles

B Directors' Report / Chairman's / CEO Review

- 2.1 A general review of the performance of the company, its various activities and products during the period under review. (weightage to be given for pictorial/graphical/tabular presentation used for this purpose)
- 2.2 A brief summary of Business Risks and Challenges facing the company including analysis of external environment steps taken to manage effectively such risks and plan to meet such challenges.
- 2.3 A general review of the future prospects, outlook and plans for expansion including future cash flows strategy vis-à-vis short and long-term commitments of the company.
- 2.4 Business process reengineering / development activities.
- 2.5 Outline of the contribution of the company to the national exchequer and the economy of the country.
- 2.6 Information on how the company contributed to its responsibilities towards the development of Human Resources i.e. work force planning, staff training etc.
- 2.7 Corporate social responsibilities, environmental issues and how these have been met.
- 2.8 Market share information preferably from an independent source.
- 2.9 Disclose strategy to over come liquidity problems, if any, being faced by the company and the company's plan to manage its repayment of debts and recover losses.
- 2.10 Information regarding different segments and units of the entit and segmental review of operations with description of the performance and future prospects of each segment.

Breakup of
the maximum
points to be
awarded

1
1
1
1

4

3

3

3

1

1

2

2

1

2

2

20

FINANCIAL SECTOR

C Disclosure

- 3.1 Where disclosures are less than those prescribed by IFRS, SBP, the Fourth Schedule to the Companies Ordinance, 1984, Second Schedule to Banking Companies Ordinance (BSD - 4) and applicable laws and Rules.
- 3.2 Where disclosures are those as prescribed by IFRS, SBP, the Fourth Schedule to the Companies Ordinance, 1984, Second Schedule to Banking Companies Ordinance (BSD - 4) and applicable laws and Rules.
- 3.3 The following additional disclosures will also be considered:
- a) Comprehensive related party disclosure
 - b) Disclosure of all changes in corresponding figures
 - c) Adequate disclosure of significant judgment and estimates
 - d) Detailed disclosure of Financial Instruments
 - e) Further disclosure of facilities provided to CEO and Directors
 - f) Detailed disclosure of all Contingencies and Commitments
 - g) Income tax reconciliation as required by IFRS
 - h) Reconciliation of weighted average number of shares for calculating EPS and diluted EPS
 - i) Adequate disclosure of new accounting standards and their expected impact
 - j) Segmental analysis of assets and liabilities
 - k) Sector-wise analysis of deposits and advances
 - l) Cash flow statement is prepared using Direct Method
 - m) Disclosure of fair value of Property, plant & equipment
 - n) Summary of significant / material assets or immovable property
 - o) Adequate disclosure for change in accounting policy
 - p) Issuance of Global Depository Receipts (GDRs)

D Stakeholder Information

Information relevant for shareholders and other users of financial statements.

- 4.1 Investor information for 6 years:
- Profit before tax ratio
 - Gross spread ratio (Net markup income / Gross markup income)
 - Return on assets
 - Return on Equity
 - Return on capital employed
 - Weighted Average cost of deposit
 - Income / Expenses ratio
 - Current ratio
 - Market value per share at the end of the year and high/low during the year
 - EPS (Earning per share) and diluted EPS
 - Net assets per share
 - Capital Adequacy ratio
 - Maturity analysis of assets and liabilities
 - Disclosure of Concentration of Assets, Liabilities and Off Balance Sheet items
 - Disclosure of Non Performing loans
 - Earning asset to total asset ratio
 - Price Earning ratio
 - Dividend Yield ratio
 - Dividend Pay out ratio
 - Bonus Shares Issued
 - Advances to deposits ratio
 - Any other relevant ratio
- 4.2 Summary of cash flow statement for six years
- 4.3 Shareholder information
- Shares held by Sponsors / Directors / Executives
- 4.4 Vertical and Horizontal analysis of Balance Sheet and Profit and Loss Account for six years.
- 4.5 Statement of Value Added and how distributed with graphical presentation:
- Employees as remuneration
 - Government as taxes
 - Shareholders as dividends
 - Financial charges to providers of finance
 - To society
 - Retained within the business

NON-FINANCIAL SECTOR

C Disclosure

- 3.1 Where disclosures are less than those prescribed by IFRS and the Fourth Schedule to the Companies Ordinance, 1984.
- 3.2 Where disclosures are those as prescribed by IFRS and the Fourth Schedule to the Companies Ordinance, 1984. (In case of non-listed and private companies requirements of the Fifth should be complied with)
- 3.3 The following additional disclosures will also be considered:
- a) Comprehensive related party disclosure
 - b) Disclosure of all changes in corresponding figures
 - c) Adequate disclosure of significant judgment and estimates
 - d) Detailed disclosure of Financial Instruments
 - e) Further disclosure of facilities provided to CEO and Directors
 - f) Detailed disclosure of all Contingencies and Commitments
 - g) Income tax reconciliation as required by IFRS
 - h) Reconciliation of weighted average number of shares for calculating EPS and diluted EPS
 - i) Adequate disclosure of new accounting standards and their expected impact
 - j) Detailed capacity disclosure
 - k) Disclosure of discounts on revenue
 - l) Segmental analysis gross income, profit and before tax
 - m) Cash flow statement based on Direct Method
 - n) Disclosure of fair value of Property, plant & equipment
 - o) Adequate disclosure of change in accounting policy
 - p) Summary of significant / material assets or immovable property
 - q) WDV reconciliation as per IAS 16

D Stakeholder Information

Information relevant for shareholders and other users of financial statements.

- 4.1 Investor information for 6 years:
- Gross profit ratio
 - EBITDA Margin to Sales
 - Net profit to Sales
 - Return on equity
 - Return on capital employed
 - Weighted Average cost of debt
 - Inventory turnover ratio / No. of Days in Inventory
 - Debtor turnover ratio / No. of Days in Receivables
 - Creditor turnover ratio / No. of Days in Payables
 - Operating cycle
 - Total assets turnover ratio / Fixed assets turnover ratio
 - Current ratio
 - Quick / Acid test ratio
 - Price Earning ratio
 - Cash Dividend per share
 - Bonus Shares Issued
 - Dividend Yield ratio
 - Dividend Pay out ratio
 - Dividend cover ratio
 - Debt : Equity ratio
 - Interest Cover ratio
 - Break-up value per share without Surplus on Revaluation of Fixed Assets
 - Break-up value per share including the effect of Surplus on Revaluation of Fixed Assets
 - Market value per share at the end of the year and high/low during the year
 - EBTIDA
- 4.2 Summary of cash flow statement for six years
- 4.3 Shareholder information:
- Shares held by Sponsors / Directors / Executives
- 4.4 Vertical and Horizontal analysis of Balance Sheet and Profit and Loss Account for six years.
- 4.5 Statement of Value Added and how distributed with graphical presentation:
- To employees as remuneration
 - To government as taxes
 - To shareholders as dividends
 - To financial charges to providers of finance
 - To society
 - Retained within the business

Breakup of the maximum points to be awarded

0

10

15

25

10

1

1

3

3

18

FINANCIAL SECTOR

D Report Presentation

- 5.1 Theme on the Cover and quality of printing and paper.
- 5.2 Effectiveness of photographs and their relevance.
- 5.3 Effectiveness of charts and graphic presentation of Balance sheet, profit & loss and cash flow statement.
- 5.4 Comprehensiveness of corporate information (Address for correspondence along with website, email address and telephone Nos.)
- 5.5 Availability of annual report on the website.
- 5.6 Definition and glossary of terms / Calender of major events.

F Corporate Governance

- 6.1 Date of authorization of Financial Statements by Board of Directors:
 - within 45 days 9 marks
 - within 60 days 6 marks
 - within 75 days 3 marks
- 6.2 Statement of Compliance with the Best Practices of Code of Corporate Governance (No marks in case of other than clean review report.)
- 6.3 The Board structure and its committees.
- 6.4 Chairman of the Board other than the CEO.
- 6.5 Information on other Board Committees and their terms of references and the number of board meetings held.
- 6.6 Salient features of the Audit Committee Charter / Terms of Reference.
- 6.7 Name of Independent Directors on the Board / Non executive director to be disclosed.
- 6.8 Disclose for all members of Board of Directors:
 - a) Profile of each director
 - b) Involvement / engagement of each director in other companies / entities as CEO, Director, CFO or Trustee etc.
- 6.9 Non- Executive Director on the Audit Committee. (Full marks if all are non-executive directors, else zero.)
- 6.10 Organisation Chart.
- 6.11 Disclosure of criteria to evaluate Board's performance.
- 6.12 CEO performance review.

NON-FINANCIAL SECTOR

D Report Presentation

- 5.1 Theme on the Cover and quality of printing and paper.
- 5.2 Effectiveness of photographs and their relevance.
- 5.3 Effectiveness of charts and graphic presentation of Balance sheet, profit & loss and cash flow statement.
- 5.4 Comprehensiveness of corporate information (Address for correspondence along with website, email address and telephone Nos.)
- 5.5 Availability of annual report on the website.
- 5.6 Calender of major events.

F Corporate Governance

- 6.1 Date of authorization of Financial Statements by Board of Directors:
 - within 45 days 9 marks
 - within 60 days 6 marks
 - within 75 days 3 marks
- 6.2 Statement of Compliance with the Best Practices of Code of Corporate Governance (No marks in case of other than clean review report.)
- 6.3 The Board structure and its committees.
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- 6.5 Information on other Board Committees and their terms of references and the number of meetings held.
- 6.6 Salient features of the Audit Committee Charter/Terms of Reference.
- 6.7 Name of Independent Directors/ Non executive director to be disclosed.
- 6.8 Disclose for all members of Board of Directors:
 - a) Profile of each director
 - b) Involvement / engagement of each director in other companies / entities as CEO, Director, CFO or Trustee etc.
- 6.9 Non- Executive Director on the Audit Committee (Full marks if all are non-executive directors, else zero)
- 6.10 Organisation Chart.
- 6.11 Disclosure of criteria to evaluate Board's performance.
- 6.12 CEO performance review.

Breakup of the maximum points to be awarded

2
1
3
1
1
1
9

9
1
1
1
3
1
1
2
2
1
1
1
24

Total Maximum Marks 100

Evaluation Committee of the Joint Committee of ICAP and ICMAP

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