

ACCOUNTANT

THE PAKISTAN

Magazine of The Institute of Chartered Accountants of Pakistan

JAN - MAR
2010



CFO CONFERENCE 2010

**SPECIAL
ISSUE**



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Editorial Office

The Pakistan Accountant
Chartered Accountants Avenue, Clifton,
Karachi-75600 (Pakistan)
Phone: 99251636-39 Fax: 99251626
E-mail: asad.shahzad@icap.org.pk
Website: www.icap.org.pk

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Challenge for Change



Challenge for Change is effectively the sequel that was announced after we had seen the exuberant fan reaction to *Rising CFO* on March 11 in Karachi. Obviously we had been discussing ideas for another CFO Conference, but we were waiting to see how our audience responds to the first one. The first attempt at anything is always about finding your origin, but the second time around you have the opportunity to explore incredibly exciting things. We have great hopes pinned to CFO Conference Part 2.

In coming years successful corporations will need to balance their profitability and stakeholder expectations which means that a company's responsibility will not only be to its shareholders but to all those who are affected by the actions of the firm.

CFOs, in particular, will have to expand their knowledge of regulations, taxes and subsidies applicable to the business with which they are involved. There will be stakeholder pressure on companies to exhibit good governance and transparent reporting, and to find sources of competitive advantage.

An imminent challenge for the CFO is to implement cost cuts that last. That seems to be a strategic priority at this time. That, of course, involves prioritizing cost drivers and delving deep in to your own operations to look for them. There must be accountability and the focus must be on the manner in which costs are cut mindful of the strategic direction and the objectives of the firm. Across-the-board cuts don't work and most cost cut programs fail to succeed in the long run.

And what would the CFO want to change? Along with strategizing he'll increasingly have to focus on communication. If I'm an investor I need to know where a company stands, what it stands for, and whether the ground it's standing on is shaky, or solid. If I'm a shareholder and I don't trust the financial process, I need for someone to repose my faith in that process.

Lights, camera, action! This is where the CFO makes his debut. Because of the credibility that comes with his skills the CFO must provide the kind of trustworthy leadership that investors and shareholders are yearning for. He must learn to glide, fly, mutate, charm, seduce, get on the soapbox, kill the hostile takeover monster, and save the business in distress.

In a rapidly changing business environment, the CFO will have to direct, produce, and write his own script.

Adnan Zaman

President's Page



The CFO Conference, organized by your Institute on March 11, 2010, concluded successfully. The focus remained very much on the evolving role of the CFO. The conference was in a sense a conversation starter. The real debate starts now. As companies shift their attention back to business, what do they expect from their CFOs?

As a result of the demands placed on companies by shareholders, regulators and the public at large for increasing financial information, the CFO's role is shifting dramatically from a transaction manager now to a communicator, strategist and a business leader. The CFO is involved more in ensuring that the information is correct rather than actually being involved in the process of creating the information. Technology, standardization of data, managing external relationships and developing human resource are some of the key factors which are required to be focused by the CFO in order to maintain his leadership position in the next decade.

I would like to inform our members that your Council's emphasis has been more on governance, transparency and service to the members and students. Taking the opportunity, I would like to bring to your knowledge that a committee of your Council is presently working on a draft Limited Liability Partnership (LLP) Act. Once it is approved by the Council, the draft will be forwarded to SECP for its approval and implementation. This act will enable professionals such as chartered accountants, lawyers, engineers and doctors to form a Limited Liability Partnership. Similarly, venture capital companies and private equity funds are also likely to benefit from the implementation of this concept. This will be a great contribution which will be accredited to the Institute.

In order to support small and medium sized practices which suffer from having their time and money tied up in legal disputes, the Institute is currently considering introducing the concept of Alternate Dispute Resolution (ADR). ADR could provide an alternative recourse to individuals and firms of Chartered Accountants in the event of a breach of contract and offer distinct benefits of being cheaper than court and faster than litigation. It would help preserve business relationships and assist parties in an effort to reach a mutually acceptable solution to a dispute.

Abdul Rahim Suriya



The Institute of Chartered Accountants of Pakistan

CFO

CONFERENCE

CHALLENGE FOR CHANGE

ON JUNE 03, 2010 AT ISLAMABAD

CFO's – Making the New Environment

The roles of the financial executives are evolving beyond traditional financial management. Financial rigor and strategic insight are needed as the Chief Financial Officer is called upon to identify and assess profitable business ventures. Also after an array of technological advances and regulatory changes, the focus of the Chief Financial Officer has shifted back to strategies for organic growth of the organization to increase profitability and enhance shareholder value. At the “**CFO Conference 2010**” we will examine the changing role and the focused strategies of growth.

Overview

The increasing sophistication of business processes, and the constantly growing demand for more accurate and insightful business information, and the geographical dynamics means that you need to be more efficient and strategic in your thinking

and more apt to come up with the right answers when the tough questions are asked. In many ways it is the best of times to be a CFO as your team is in the spotlight with its performance positioning the company for the upturn — or taking it to the brink and beyond. This year the Chief Financial Officer is either the would be hero or the much-maligned villain, depending on how the company fares.

Conference Objective

The primary objective of the “**CFO Conference 2010**” is to explore the key aspects and issues related to creating a faster, leaner and agile finance function and using strategic insight to lead economic growth, establish alliances and shape future opportunities. The forum program explores the most pressing issues and the best practices being applied in organizations to maintain competitiveness and to achieve profitable growth.

CONFERENCE AGENDA

08:30am – 09:20am

Registration & Networking

09:20am – 09:30am

Welcome Note

Mr. Abdul Rahim Suriya – President ICAP

09:30am – 10:00am

Conference Keynote**Business in the New Environment**

Mr. Shaukat Tarin – Ex-Federal Finance Minister

The challenges posed by the changing landscape of the global economic environment with particular reference to Pakistan; and in light of these changes the adjustment in their role the Chief Financial Officer (CFOs) will have to make.

10:00am – 10:30am

CEO's Keynote**CEO's Perspective on the CFO's Role**

Mr. Saquib H. Shirazi – CEO Atlas Honda Ltd.

The CFO position has become much more crucial and CFOs now have more responsibility within their organizations. CEOs expect their CFOs to be trusted advisors and business partners who are involved in driving the business, developing and implementing strategy, advising the board and senior management on the financial implications of key strategic decisions, as well as managing external relationships with investors, media and regulatory authorities. In this opening keynote hear the insights from Mr. Saquib Shirazi on CEOs' expectations of their CFOs and the important role they play in helping drive the organization's strategy.

10:30am – 11:00am

Value Management in a Growing Organization

Mr. Ruhail Mohammed – Vice President and CFO, Engro Corporation Limited

What are the trends we are seeing across the world and how they are affecting Pakistan? How is your company capitalizing in the downturn? Adding value in a downturn and keeping talent on the corporate agenda. How did Engro go about raising the billion dollars?

11:00am – 11:30am

Tea Break

11:30am – 11:55am

How CFOs can drive Enterprise Performance Management

Mr. David Thomas – MENA Lead for Strategy and Transformation, IBM

11:55am – 01:00pm

Panel Discussion:**Top Concerns for 2010/2011: CFOs in the Spotlight**

Since the recession, such concerns as consumer demand and managing cash have topped the list. But now, as we move into a new decade and hope for a recovery, what will be on CFOs' lists? A panel of senior finance executives will share the concerns and their solutions.

Panelists:

Mr. Abdul Nasir	CFO, Hubco
Mr. Ahmed Abid	CFO, Attock Refinery Ltd.
Mr. Manzar Hassan	CFO, Pak Elektron Ltd.
Mr. M. Naimatullah	CFO, PTCL
Mr. Naeem Ghouri	CFO, OMV Pakistan Ltd.
Mr. Tabish Sharif	CFO, Service Industries Ltd.

Moderator:

Mr. Junaid Iqbal, CEO, BMA Financial

01:00pm – 02:00pm

Lunch & Prayer Break

02:00pm – 02:30pm

The CFO's Dynamic Role in Sustaining a Corporation's Financial Performance

Mr. Yacoob Suttar - Executive Director Finance & IT, Pakistan State Oil.

Managing and ensuring cost management and optimum liquidity in prevailing economic scenario.

02:30pm – 03:30pm

Panel Discussion:**Career insights from CFOs that have made the grade**

In this panel some top CFOs who have successfully transitioned to the role of CEO will look at:

- What it takes to be a successful Chief Financial Officer and successful transition to other C suite roles?
- What as a Chief Financial Officer best prepares you for a CEO role?
- The first 100 days as a CEO
- Lessons learned from the transition

Panelists:

Mr. M. Adil Khattak	CEO, Attock Refinery Ltd.
Mr. Aftab Butt	CEO, Kot Addu Power Ltd.
Mr. Farid Alam	CEO, AKD Securities Ltd.
Mr. Haroon A. Khan	CEO, Pak Elektron Ltd.
Mr. Khalid Rahman	CEO, Pakistan Petroleum Ltd.
Mr. Mobasher Raza	COO, Pakistan Tobacco Co. Ltd.
Mr. Pervaiz Khan	CEO, Uch Power (pvt) Ltd.

Moderator:

Mr. Abdul Aziz CEO, Pak Telecom Mobile Ltd.

03:30pm – 04:00pm

Invest to Grow: Mergers & Acquisitions in Pakistan

Mr. Farrukh H. Khan – Chief Executive, BMA Capital.

04:00pm – 04:25pm

Enterprise Risk Management

Mr. Ayaz Ahmed – CFO, Habib Bank Limited

04:25pm – 04:55pm

A New Style of CFO Leadership: Raising the Company's Financial IQ;

Mr. Samiullah Siddiqui – Director Business Administration and Country Sector Controller - Energy, Siemens Pakistan

Expectations from the CFO's performance and responsibilities have exponentially increased, thanks to repeated calls to improve transparency, operational efficiency and the acute necessity for innovative strategies in securing the company's financial assets. What are the features of the post-crisis CFO? Amid massive lay-offs, how can CFOs ensure a high level of financial IQ within the company? How important is finance skills appropriation for non-financial officers?

- New style multi-tasking: Coping with the CFO's increased responsibilities
- Internal talent innovation: Training non-financial officers
- Innovative planning: Rethinking the finance/business knowledge dichotomy
- The pros and cons of lay-offs: Is finance talent vital in the recovery?

04:55pm – 05:00pm

Closing & Vote of Thanks

Mr. Abdullah Yusuf – Vice President (North) ICAP

Main Speakers

Shaukat Tarin

Ex-Federal Minister

Ex-Federal Minister for Finance & Economic Affairs. Mr. Tarin has an illustrious banking career. He has been country manager Citibank in UAE, Oman, Thailand and Pakistan. He has successfully headed HBL, Union Bank and Saudi Pak Commercial Bank. He was elected Chairman KESC as well as NCEL. He has also been Chairman Pakistan Banks Association and on several other Boards.



Saqib H. Shirazi

CEO, Atlas Honda Limited

Saqib Shirazi is CEO Atlas Honda Limited and Board member in various Atlas Group companies. He has served in Privatization Commission and is currently Chairman Pakistan Automotive Manufacturers Association. He has done his MBA from Harvard Business School and has been President of Harvard Business School Global Alumni Board. He is Trustee and Governor of LUMS.



Ruhail Mohammed

Vice President and CFO, Engro Corporation Limited

With almost 25 years of work experience, Ruhail Mohammed is the CFO at Engro Corporation Limited and Engro Fertilizers Limited and is a board member of the various Engro concerns and associated with this group for the past 15 years. Ruhail is a Chartered Financial Analyst and an MBA in Finance from IBA.



David Thomas

MENA Lead for Strategy and Transformation, IBM

David is a qualified accountant (Chartered Institute of Management Accountants) with over 20 years experience. David is IBM's Strategy & Transformation leader for the Middle East and North Africa. He is a highly experienced project and programme manager who has delivered major change programmes.



His pre-consulting experience was gained working in a number of different senior roles within the UK Civil Service. These included:

- Programme Director for one of the world's largest Oracle 11i e-business ERP implementations.
- Chief Accountant for the UK's biggest government department.
- Finance Director for the National Insurance Contributions Agency (an Agency of Her Majesty's Inland Revenue).
- Since joining IBM David has worked with a number of clients helping them to move forward their Finance & Shared Services agendas.

Yacoob Suttar

Executive Director Finance & IT
Pakistan State Oil

The Executive Director for Finance and IT at Pakistan State Oil, Yacoob Suttar has 25 years of professional experience in the corporate sector at organizations such as Lever Brothers, Engro and Asad Aldrees Saudi Arabia. He is a FCA and FCMA.



Farrukh H. Khan

Chief Executive, BMA Capital Management Ltd.

Farrukh H. Khan is a founding partner and CEO of BMA Capital Management Limited. He has been closely involved on many landmark transactions of Pakistan for privatization and financial advisory at the national level. He is a chartered accountant with PriceWaterhouseCoopers London and is also President of Overseas Investors Chamber of Commerce and Industry.



Ayaz Ahmed

CFO, Habib Bank Limited

Ayaz Ahmed serves as Chief Financial Officer of Habib Bank Ltd with responsibility for Strategic Development and a member of the Management Forum of the Bank. He is also a director of CDC, Habib Allied Bank plc-UK subsidiary, NIFT-National Cheque Clearing Company, 1Link-National Switch.



He is member of Professional Standards and Technical Advisory Committee of ICAP and a member of Pakistan Bankers Association Committee on Accounting and Taxation.

Samiullah Siddiqui

Director Business Administration and Country Sector Controller - Energy, Siemens Pakistan

Samiullah Siddiqui is a Chartered Accountant by profession. He is currently Director Business Administration and Country Sector Controller – Energy in Siemens Pakistan. He has been working with the Company for past 10 years in different managerial positions. He is also a member of Privatization Committee of Karachi Chamber of Commerce and Industry.





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Naeem Akhtar Sheikh

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<u>Hafiz Mohammad Yousaf</u>	<u>Tabish Sharif</u>
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Welcome Note

Abdul Rahim Suriya FCA
President ICAP



I welcome all of you to the CFO Conference hosted by ICAP. The CFO Conference is one of the important agenda items for our Committee for Professional Accountants in Business which is led by Yacoob Suttar. After a very successful conference in Karachi I had requested CPD Chairman Naeem Akhtar Sheikh to organize another for our members in Islamabad and Lahore.

This conference has been scheduled at just the right time when the post credit crisis world is in a flux, and the rules of financial management are rapidly changing. This is not a conference for CFOs only. Our objective is to also take on board top management executives from both the public and private sectors.

We at ICAP produce Chartered Accountants and it is interesting to note that around 80% of our members are employed in Industry and Trade, that is they are not involved in professional practice.

In the past accountants were perceived as munshis whose role was limited to 2+2, but in the past two decades there has been a major shift. CFOs have emerged as business managers and their role has evolved to facilitate management in business decision making.

I am sure that today's conference will not only give a wake up call to the CFOs to look out for future challenges but will also provide a formal forum for networking among CFOs and professional accountants in business. I am confident that renowned personalities like Mr. Shaukat Tareen, Mr. Saquib Shirazi and various speakers and panelists will enrich participants with their experiences and words of wisdom.

You will note that in a world of instant communication and ever changing business models, the traditional task of the CFO is evolving. There are increased governance requirements, more regulations, more emphasis on documentation, more intervention from governments and, limited opportunity for expanding business.

An important task undertaken by the CFOs is compliance with IFRS for preparation of financial statements but generally that is not appreciated by the employers. The need for IFRS has stemmed from rising globalization and the



related need for a single set of worldwide standards. Taking this opportunity, I would like to share a few concerns about IFRS which CFOs have. These are that IFRS are complex, lengthy and hardly help in understanding business performance. Therefore, CFOs have to prepare a separate set of accounts for internal users and because of IFRS CFOs have not made radical changes to their internal reporting.

In answer to that I'd say that I cannot imagine a business being run without budgetary controls implemented and monitored by management and I cannot believe that a management can sleep well without developing future scenarios. Therefore, standard setters may consider reporting summarized budget and sharing of strategic financial planning.

It would be interesting to share with you a few highlights of a study carried out by the Financial and Management Accounting Committee of IFAC in January 2002 to foresee the role of CFO in 2010. Sten Fornell, CFO of Sony Ericsson in Stockholm has suggested that by the year 2010 the use of the title CFO may no longer be appropriate. He felt that it may be time to change the name of the CFO to something like CPO (Chief Planning Officer). He further felt that the CFO will be very much involved both in strategy formulation and strategy execution. Angela Holtham, CFO of Nabisco in Canada said that the traditional responsibilities of the CFO are being transferred to the IT function. It becomes more of an audit function than a 'doing' function. The CFO is involved more in ensuring that the information is right, rather than actually being involved in the process of creating the information. Heinz-Joachim, CFO of Siemens said that accounting is going to be less relevant and to keep a company afloat in difficult times treasury and cash are the important things, not book profit. The most important job a CFO has is to ensure that the company stays financially healthy and can meet its obligations at any time. John Connors, CFO of Microsoft said people will have access to information in a way they never had in the past. CFOs will have to get more coaching in communications skills.

Dear members and participants, there are lots of expectations in this modern era from the CFOs apart from their technical skills.

As a result of the demands placed on companies by shareholders, regulators and the public at large for increasing financial information, the CFO's role is shifting dramatically from a transaction manager to a communicator, a strategist and a business leader.

One of the most important features of a future CFO is to stay connected to the world. The need for the future is to gain exposure and experience in different geographies, businesses and industries. Technology, standardization of data, managing external relationships and developing human resources are some of the key factors which the CFO must focus on in order to maintain his leadership position in the next decade.

CFOs are often asking questions like what should be the right operating model for finance, or to what extent should finance limit itself to financial transactions, regulatory reporting and compliance? To what extent should the CFO try to work as a true business partner and provide the rest of the business with valuable analysis and insights into current performance and future opportunities? Should finance drive enterprise level controls and performance management?

I leave these questions for deliberation in today's conference.

Modern enterprises will be driven by transparency and accountability. The challenge for the progressive CFO is to recognize this and assume a leadership role in order to preserve his place in mainstream business decision making.

In the end, I would like to thank the organizing committee headed by Mr. Naeem Akhtar Sheikh warmly supported by Mr. Abdullah Yusuf, Mr. Rashid Ibrahim, Mr. Abdul Qadeer, members of Northern Region and other committee members.

I would also like to compliment the ICAP staff at Islamabad headed by Uzma Hayat for their excellent work in organizing this conference.

Thank you!



Message

Naeem Akhtar Sheikh FCA
Chairman Conference Committee



It is my immense pleasure to extend a warm invitation to you all to participate in the CFO CONFERENCE 2010 planned to be held on 3rd of June at the magnificent Serena Hotel, Islamabad.

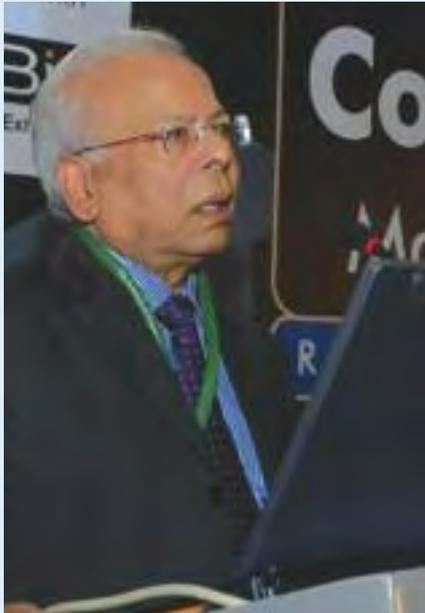
We are passing through some extraordinary times in our nation's history. The global recession, and the energy crisis clubbed together with national security situation is affecting our fragile economy and posing a unique challenge to our businesses. The CFO being a key player in any business setup will have to play a very critical role to ensure smooth sailing of their businesses in these troubled times. Hence the theme of CFO Conference "Challenge For Change" could not be more appropriate in these trying times.

We have an exciting programme lined up for you and you will get to hear from prominent keynote speakers opening our plenary session. As you can see from the list of speakers we have an outstanding array of CEOs and CFOs who have agreed to share their views and experiences with you in building successful business operations in the rapidly growing and diverse business environment. With their input on their conference topics, you will be able to take home an updated roadmap of your own to further develop future business strategies that are uniquely targeted to your own organizations.

I would also take this opportunity to thank Mr. Abdul Rahim Suriya, President ICAP, for his inspiring guidance, Mr. Yacoub Suttar, Chairman Professional Accountants in Business Committee, for his ideas and support, Mr. Muhammad Abdullah Yusuf, Vice President North, for his untiring efforts and all my colleagues in the organizing committee, ICAP staff at Islamabad and all our sponsors for making this Conference a success.

On behalf of the organizing committee, I would like to welcome you all to the Conference.





Conference Keynote - Rising CFO

Business in the New Environment

Dr. Ishrat Husain

I am extremely grateful to The Institute of Chartered Accountants of Pakistan (ICAP) for inviting me to address this august gathering. I do not remember as to how many times I have addressed the Institute organized events but this respect for your profession in my heart has arisen because of the high professional standards you have been able to maintain. It gives me immense pleasure when the employers in UK, Middle East tell me that they would be more than happy to hire Pakistan qualified Chartered Accountants because they are well trained. I commend to other professional bodies in Pakistan to follow in your footsteps and escalate their professional standards to the levels you have demonstrated.

This morning I will make a few observations about the changing landscape of the global economic environment and in light of these changes the adjustment in their role the Chief Financial Officers (CFOs) will have to make.

There are four broad trends in the global economy that are stirring at present and about which we should be fully cognizant. The global economy power balance is shifting from the U.S., Europe and Japan to Asian countries. The crisis of 2007-08 did not substantiate the hypothesis of decoupling between the advanced and emerging economies as the spill over and contagion effects were quite destabilizing.

The speed, intensity and spread of financial and then real economy crisis were too ferocious to spare any country of some

consequence. But the resilience and the rapid recovery shown by the Asian countries particularly the three most populous countries China, India and Indonesia accounting for population of almost 3 billion was simply remarkable. China has resumed its past growth trajectory and is likely to attain 8.4 percent in 2010 while India is projecting growth rate of over 7 percent and Indonesia slightly below these rates. China has overtaken Germany as the world's largest exporting nation and that too starting from almost a scratch thirty years ago. Pakistani businesses have therefore to set their sights on their Asian neighbors rather than continue to be tied to the apron strings of the western countries.

The second insight gained from the global financial crisis is that the countries such as China, India, Pakistan, Bangladesh that pursued a path of cautious liberalization and exerted strong regulatory oversight and prudential norms on their financial institutions, did not permit exotic derivatives such as Collateral Debt Obligations and naked Credit Debt Swaps were left largely unscathed from the onslaught of the financial tsunami of the last two years. Too much reliance on unfettered markets and the premise that markets are self correcting have brought a lot of grief to the western countries. It is perhaps time for them to revisit their regulatory mechanisms and learn from the experience of the Asian countries. The global financial system has to serve the needs of the real economy rather than have a self propelling path of

its own.

Third, the information explosion, the ease of access to internet, the increased connectivity have created a situation where the sifting of right data to support business decisions, ascertaining the accuracy and reliability of the data and utilizing the relevant data for analysis and judgment calls has become an enormously complex task.

According to the latest Economist magazine, 150 billion gigabytes of data was created in 2005. This year, it is estimated that the number will cross 1200 billion gigabyte. Merely keeping up with this flood and storing the bits that might be useful, is difficult enough. Analyzing it, to spot patterns and extract useful information is harder still. Even so, the data deluge is already starting to transform business, government, science and everyday life.

This exponential growth in availability of data and information will have serious repercussions on the way the businesses start, survive and compete in the global economy.

Fourth, the world is becoming increasingly conscious of the risks posed to human lives and prosperity by climate change, environmental degradation and natural resource depletion. In the last decade, the scientific evidence has crystallized, the economic analysis of

costs and benefits has become more convincing and the political consensus that something needs to be done has become more broad based. Therefore the notions and measurements that have so far guided the businesses will become irrelevant and new measures that look upon sustainability will have to be developed and pursued.

Such is the global context in which the Chief Financial Officers (CFOs) will be operating in the future. This demands that they have to adjust and adapt themselves and their professional tools. I can think of at least five different ways in which the CFOs will have to move.

First, too much preoccupation with short term results – the quarterly, half yearly and annual reports – has sacrificed the long term viability of many businesses. The demise of a number of well established companies such as Lehman Brothers, Arthur Andersen, Enron during the past few years is a clear testimony of the pernicious effect of this short term approach. Greed and monetary benefits for the management and shareholders have been driving forces behind this approach. CFOs have cut back on investment in critical technology acquisition or fired experienced talent in order to save costs. Little did they realize that this myopic outlook has weakened the capacity for efficient production in the future and impaired the competitive edge vis-à-vis others in the industry. Singular obsession with cost cutting is like harming the muscle in the process of reducing the fat in the body. The sooner the CFOs learn to distinguish critical investments for the future sustenance of the company from avoidable waste and unproductive expenses the better off they will be in serving the company well.

Second, the exclusive emphasis on maximization of value for shareholders of the company has also proved to be hazardous. The CFOs will have to look at the prospects of maximizing the value of all stakeholders not only shareholders. Government, suppliers, employees, customers, communities all have interests in the production and distribution of goods and services and the value addition. The convergence of these stakeholders interests with those of the shareholders can create durable rather than transitory or peripheral benefits for the company. For example, sharing of value with the Government in form of taxes and duties, with the employees in form of fair wages and compensation, with the communities for supporting their social projects would win kudos for the company and ensure a smooth operating environment.

Third, the concept of single bottom line i.e. profit maximization has to give way to triple bottom line where financial and economic results are not the only indicator for measuring the performance of the company but the social impact and environmental impact are also given equal weight. Depleting non-renewable resources of a country at a rate that may produce large financial returns to the investors but leaves the so-



ciety and the future generations worse off would no longer be considered as an acceptable performance measure. Similarly, if the company acts as an enclave of prosperity within a multitude of poverty, misery, illiteracy, disease and poor living conditions the results should not be taken as satisfactory. The recent trend of Corporate Social Responsibility that allocates a small fraction of profits to the community projects serves as a thin icing on the cake. The triple bottom line approach will involve some trade-offs in the short term but would prove to be a more robust and viable business model for an extended time horizon.

Fourth, the recent crisis has also revealed that the businesses that are not anchored in strong ethical values or do not practice good corporate governance are at much higher risk than they themselves realize. 'Walk the talk' as Americans say has become more crucial to success than 'Talk the talk' with all the right written scripts, verbose statements, pious intentions and ritualistic exhortations. It is only those Chief Executives who have practiced what they have preached, i.e. highest ethical standards and value-based management have come out ahead in this game. Those who were able to fend hundreds of million dollars as pay and perks or bonuses for themselves suddenly became object of ridicule and condemnation rather than admiration which they were used to. Enron had given rise to stringent laws and regulations with requirements of increased disclosure and oversight but the recent episodes have revealed the gap between the rhetoric and the reality. The CFOs have the responsibility to ensure that the

company is observing and is in actual fact complying with the standards of corporate governance it has set for itself. Any violations should be reported to the CEO and if no action taken to the Board and still if no remedial action is taken to the regulators.

Finally, the CFO has to realize that finance is only a tool for strategy execution rather than a driver of business. The CFO has to play a key role in the formulation of the strategy and once the strategy has been agreed upon in the monitoring, follow-up and execution of the strategy. The financial plans have to flow from the Business Strategic Plan rather than the financial constraints coming in the way of strategy. This short sighted approach of CFOs does not serve the company well. For example, assume a company has to purchase a critical piece of equipment for seizing upon an opportunity offered by the market before the competition moves in when the finance disallows this purchase due to liquidity or cash flow considerations it is doing a great disservice to the company's future financial health by eroding its competitive edge.

The responsibility of the CFO under these circumstances is to find the money for the purchase if he is convinced about its cost-benefit analysis. A narrow accountant perspective of balancing the books is not what CFOs ought to be doing as it will put the company in dire straits.

To sum up, the challenges that the CFOs have to face in the context of emerging business environment are (a) how to move away from a short term to long term approach (b) how to strengthen stakeholder value rather than shareholder value only (c) how to measure performance based on triple bottom line rather than single bottom line (d) how to practice ethical values and corporate governance rather than paying lip service and (f) how to align finance with the achievement of the strategic objectives of the company.

I am confident that those of you who rise to meet these challenges have bright future ahead of you but others who continue on the path of status-quo would find themselves redundant sooner than later.

The CFO's Dynamic Role in Sustaining a Corporation's Financial Performance

Yacoob Suttar, FCA
ED Finance & IT, Pakistan State Oil



One of the most interesting insights that my role as a CFO has provided me with over the years is attaching meaning to numbers that I understood, but others didn't.

At most board meetings I would present the numbers and then someone from the group around the conference table would wearily ask, "But tell me Yacoob, what do those numbers actually mean in relation to the strategy we need to employ?" In the good old days, I would get away with answering, "These numbers are as per the generally accepted accounting practices."

But as I have become more and more involved with strategy myself, my attempts to bridge the numbers gap and share my ideas with non finance people have increased. In the process, I have helped my finance people raise their profiles.

An important change that has occurred in industry is the realignment of the roles of the CEO and the CFO. As the CFO

has begun to participate more fully in strategic planning, the CEO has begun to hand over more leadership responsibility to the CFO. CFOs have evolved in other ways to become team players and allow chief executives to rely evermore on their capabilities. The strategy-conscious CFO is expected to respond with clarity to questions that seek to derive meaning from the numbers, and make recommendations for the future of the company.

For four years I lived and worked at the Engro Chemicals plant in Daharki where I made some of my most enduring friendships. Incidentally, they were all with engineers. When you are forced to live in the wilderness with 400 engineers, you need to mix business with pleasure. Engro had an Executives Club and the President appointed me treasurer. I had audited the Karachi Boat Club books and based on that experience I made the most delightful balance sheet (or so I thought) to present to the Club Committee. Ten minutes in to that meeting, and all that the Committee members wanted to know was why we had spent

Rs.20,000 on organizing a cricket match. They did not want to see the detailed financial statements.

That day I learned a valuable lesson. People want real, tangible information they can process; information that provides practical solutions to real problems.

Where technology advances have increased the availability of information, they have correspondingly increased the potential for inaccurate reporting and flawed decision making. Thus, Management Information Systems need to be efficient. The most efficient MIS is both operational and informational. For example, MIS is a critical component of a company's overall risk management strategy. Management can use this MIS to monitor the effectiveness of the company's risk controls.

Periodic review processes make all the difference. Your internal auditor is your asset. The widespread availability of MIS has allowed the internal auditor to assist management in evaluating the effectiveness of controls based on real time data rather than historical data. This further ensures the reliability and integrity of the data.

Jack Welch, former chairman and CEO of General Electric, had once called shareholder value "the dumbest idea in the world." But creating shareholder value is not merely about maximizing stock price. Shareholder value is created when you invest to maximize the present value of long-term cash flows. Thus, the CFO must learn to derive shareholder value through strategic risk management. Yet, most chief financial officers are willing to forego value-creating projects in favor of cosmetic improvements in earnings that might lead to an immediate hike in stock price.

Earlier, I'd always run a tally on the month's cash flow in my head. If there was a big expense looming I'd buckle down and delay expenses in other areas. Now, things are different. You just can't take the month's cash flow and allocate it to a large expense or investment whenever you want to. You have to anticipate expenses and keep a much higher buffer.

The circular debt issue my company and our peers in the energy industry are currently facing is on account of receivables that have reached unbearable limits. Cash realization is negligible. But all's not lost. It just requires a more conservative plan and regular communication to make it work. When it comes to managing our cash flows, longer term forecast is what we need. As the CFO you need to have a backup plan to overcome a difficult spot.

As a marketer the CFO can help the business create a big bang from its marketing buck. At my company I try to apply the same sort of rigor to assess our marketing expenditure that we'd apply to assessing our capital expenditure. My goal is to maximize the financial return on our marketing spend while continuing to enhance our long-term brand loyalty. It's an interesting role to play as mentor to the marketing team when we're trying to improve the company's bottom line. I also like to ensure that everyone in the company gets to see the results and apply them to future marketing campaigns.

Corporate communications experts now believe that the CFO may be the best executive positioned to put together what a company does, differentiating the business in terms of its markets and competitors, and establishing the company's future prospects. A well thought-out and well executed investor relations program is essential to a company's financial health. You could have your marketing or your R&D people perform this task, and surely they'd do an excellent job of it, but the CFO can fill in the gaps and give the whole program more context. That's because you're not the only person reading your company's press releases anymore. It's on the internet and corporate websites around the world and you've got to get the facts just right to prove your positioning statement.

When all's said and done the CFO's most important job is to help the organization turn critical decisions in to concrete actions. The days of CFOs' obsession with what the board thinks about them are over. Contemporary CFOs must be confident in their assessment of the board and know what the board wants from him, or her. It's a CEO / CFO joint team that sets the direction of the organization's growth and the CFO is expected to play his role in supporting the initiative.

Look Towards the Future

In any progressive organization the Managing Director or CFO is given targets by the Board of Directors. The targets may be in the shape of capturing certain markets, introducing new products or services, forward or backward integrating the existing business, or any other target which eventually results in enhancing the shareholder value of the organization. In order to play an effective role CFOs must play a leading role in developing the strategic plan of his or her organization. CFOs should be an integral part of any new project the organization is planning to venture into. CFOs have access to a significant amount of information and they can leverage this position to enhance the shareholder value.

The value of the company's share in the stock market is the present value of future earnings, so the more you work towards improving the future of the company will reflect in the share value.

Management Information Systems

As discussed above CFOs have access to a large volume of data in the organizations. It is extremely important that the right information goes to the right place for the right people to make the right decisions. Timing is again important as late information is redundant and of no use.

Periodic stewardship of all segments of the organization's plans is accomplished by working closely with the internal auditor and considering him as an asset as they provide you with information on areas for improvement.

Be A Team Player - But As Conscience of the Business

The CFO needs to work very closely with all the departments as an ally. The organization expects CFOs to be solvers of problems. Marketing targets are organizational targets and CFOs should help achieve these targets.

CFOs should be constructive and supportive but must play the role of the 'conscience' of the business. CFOs should make use of the available technology and build a strong ERP system which will help in building a robust decision support system.

Once the systems have been put in place, the CFO should spend more time in ensuring the information is right.

Custodian of Key Processes

CFOs are custodians of key processes in an organization. They ensure adherence to corporate governance. It helps to remove various issues that usually crop up due to its absence. They ensure documentation of key policies and procedures in the company and high ethical standards as they have to, for example, ensure that the marketing/sales people do not get carried away.

Fund Management

Considering what the entire energy sector of our country is going through this is one of the key areas that needs a CFO's attention.

The key is to forecast your cash flows as far ahead as you can, as it helps to plan for difficult spots. Cash flows should encompass the entire organization.



CFO Conference - Rising CFO



SUSTAINABILITY

A.N. Raman, Vice President South Asian Federation of Accountants

"Unless the accountancy profession embraces sustainability, we will become less and less relevant to society."

Nick Shepherd, President EduVision

SUSTAINABILITY REPORTING

Sustainability is broadly defined as the economic, environmental and social viability and performance of an organization and covers a range of issues:

- Ethical responsibility and sound governance
- Climate change and carbon reduction
- Employee relations and human rights
- Providing social and economic development within communities



For the last 20 years no one reported on sustainability or corporate social responsibility. Now most FTSE 100 and S&P 100 companies issue a separate sustainability report. Over 3000 companies produced such reports in 2008. 197 companies in G250 companies produced sustainability reports, their number rising to 207 for those with an integrated approach.

AN ECOSYSTEM OF STAKEHOLDERS (SLIDE 3)

However, of the 46,000 listed companies around the globe, few follow any form of sustainability reporting and disclosure. While the volume of reporting is up the analysis remains weak. Data consistency is poor. The main report is often time lagged and there is little or no engagement of professional accountants.

IFAC Sustainability Framework

The IFAC Sustainability Framework can help professional accountants grasp all the important aspects of sustainability that they may encounter, directly or indirectly, and that will be important to their organizations.

The IFAC Sustainability Framework consolidates all of the important aspects of sustainability for organizations wishing to deliver long-term sustainable value to their stakeholders. The Framework addresses four perspectives that combine all the critical areas required to successfully manage a sustainable organization.

These perspectives are:

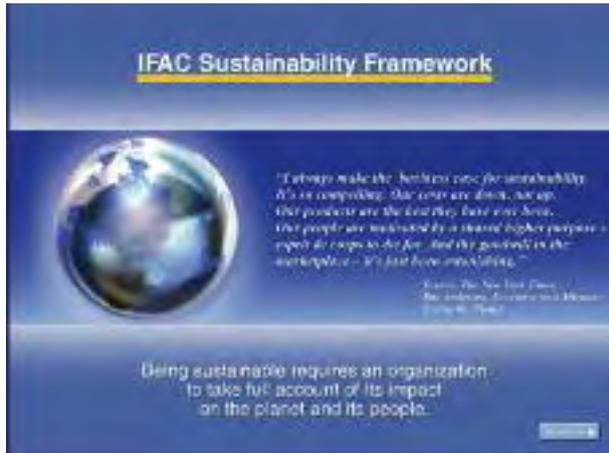
- (a) business strategy,
- (b) internal management,
- (c) financial investors, and
- (d) other stakeholders.

For example, professional accountants working at senior management levels might be more focused on the business strategy perspective while those working in planning, budgeting, or business/financial analysis may direct their attention to the internal management perspective, and those preparing business and financial reports, or providing audit and assurance, might find the investors' and other stakeholder perspectives of most use.

FIVE KEY QUESTIONS ON SUSTAINABILITY INTEGRATION

1. Strategic Formulation

Strategic formulation identifies the business case and relates the business case to stakeholder engagement and



risk management processes. It analyzes the strategic trade-offs presented by sustainability issues.

2. Strategic Implementation

Through strategic implementation an organization develops policies that support the integration of sustainability initiatives by engaging top ownership to integrate sustainability within the business. Strategic Implementation involves an understanding of how a firm's internal values guide its behavior and business decisions.

3. Incorporating Sustainability Into Competitive Positioning

Incorporating sustainability in to business can help identify a range of competitive strategies, in many cases changing risk to opportunity.

4. Strategy Evaluation and Control

Strategy evaluation and control identifies a broad set of relevant measures of performance for the business. Evaluation and control deal with sustainability issues where they have been identified as an important driver of strategy.

5. Supporting Management Systems

In order to reap the benefits of sustainability integration, the organization must consider a sustainability or environmental management system to complement an appropriate and effective internal control system.

SPECIFIC DEVELOPMENTS TO IMPROVE INTEGRATED REPORTING

1. GRI Reporting Framework

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework known as the GRI Reporting Framework which sets

out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.

The cornerstone of the framework is the Sustainability Reporting Guidelines. The third version of the Guidelines – known as the G3 Guidelines - was published in 2006 and is available for free public use.

2. 2009 King Code on Governance for SA

Last year, the Institute of Directors in South Africa published the King Code of Governance for South Africa 2009 (King III). It is effective July 1, 2010. The Code is being considered one of the most important advances in corpo-



rate governance in years.

King III also focuses on sustainability, which it says is the "primary moral and economic imperative of the 21st century." King III not only advocates a focus on sustainability by corporate boards, but presses for integrated reporting of financial and sustainability information.

3. Climate Disclosure Standards Board (CDSB) Reporting Framework

CDSB Reporting Framework is designed on a principles-based model which allows flexibility in judgment on those aspects of climate change that the management considers most likely to affect the economic performance and prospects of their company. Whereas many initiatives that collect information about climate change focus on the essential matter of what should be reported, CDSB also focuses on how reporting can provide investors with information that is more useful to their decision making.

4. A4S Connected Reporting Framework

Accounting for Sustainability Project (A4S) was set up in 2004 to cater to the need for new approaches to accounting and reporting to reflect the broader and longer-term consequences of decisions taken. A4S's Connected Reporting Framework was developed as a tool to integrate sustainability into decision-making.

5. IASB ED on Management Commentary

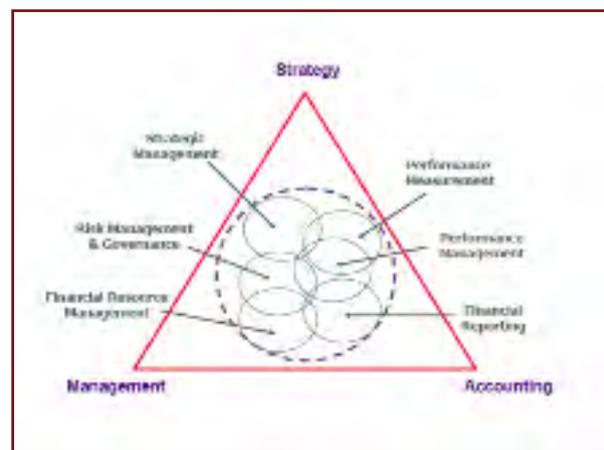
This exposure draft presents the International Accounting Standards Board's proposals for a broad framework for the preparation and presentation of management commentary to accompany financial statements prepared in accordance with International Financial Reporting

Standards (IFRSs).

Management commentary provides a context within which to interpret the financial position, financial performance and cash flows of an entity. It also provides an opportunity to understand management’s objectives and its strategies for achieving those objectives.

ROLE OF THE PAIB: WHY SUSTAINABILITY COUNTS FOR PROFESSIONAL ACCOUNTANTS IN BUSINESS

The role of IFAC’s PAIB Committee in sustainability extends beyond collecting, analyzing and reporting sustainability-related information. Sustainability depends on the generation, analysis, reporting and assurance



of robust and accurate information (both financial and non-financial). The PAIB can help organizations embed sustainability issues into strategic planning and its execution. Thus, PAIB can:

- Help organizations address sustainability issues;
- Support organizations’ efforts to engage, build and maintain relationships with stakeholders; and
- Manage sustainability related risks for investment purposes.

SUSTAINABILITY FRAMEWORK MAPPING TO PAIB

SUSTAINABILITY PERSPECTIVES

- ECONOMIC VIABILITY
- SOCIAL RESPONSIBILITY
- ENVIRONMENTAL RESPONSIBILITY

SUSTAINABILITY ISSUES

- Business case for sustainability
- Integration with Risk Management
- Goal Setting
- Ensuring information flow
- Decision making and KPI
- Financial reporting of sustainability issues

RELATED PAIB COMPETENCIES

- Strategic planning process
- Target setting and monitoring
- Enterprise Risk Management framework
- Policy deployment processes
- Implementation monitoring processes
- Performance management framework
- Cost Accounting Systems for resource consumption accounting.
- Cost Accounting principles supporting financial reporting transparency.
- Enhanced Governance practices

A.N Raman acknowledges IFAC Sustainability Framework and CMA Canada Magazine for the article by Todd Scaletta which have provided reference material for the presentation.

Alternative Taxation Measures for Generation of Additional Resources

Ashfaq Yousuf Tola, FCA, FCMA

Now that budget making season is approaching, there will be an intense public discussion in the media and elsewhere on fiscal issues in general and inequitable tax burden in particular. There are continuing complaints that indirect taxes, including the petroleum levies, are grinding the common man while the rich landowners and big businessmen escape with relatively a very light burden. It is asserted on behalf of Government that there are no alternative avenues for raising new resources.

An attempt has been made in this article to show that there are plausible alternatives for raising resources through less painful means. While these measures have been discussed before, the modalities suggested now are hopefully more innovative. However, there are powerful elements in our society who would resist any levy that affects their vested interests. The ability of government to avow its political will would be severely tested in this case.

CAPITAL GAIN TAX (CGT) ON SALE AND PURCHASE OF SHARES IN CAPITAL MARKET:

This area of taxation has remained unattended since last so many years largely due to influence of the stakeholders. If tapped properly, this avenue can provide incremental revenue of more than PKR 25 billion. There is no difficulty in imposing CGT on shares and securities as the basic framework is in place whereby each of the investor has a distinct Universal Investor Number (UIN) and has a direct or indirect trace and trail at



Table "I"

Karachi Stock Exchange

Increase / (Decrease) in Market Capitalization

Period	Market Cap PKR	USD Parity	Market Cap USD	Inc/(Dec) Over Last	Free Float 30%	Inc/(Dec) In Free Float
30-06-00	394,445,720,565	60	6,574,095,343		118,333,716,170	
30-06-01	341,796,476,122	60	5,696,607,935	(52,649,244,443)	102,538,942,837	(15,794,773,333)
30-06-02	411,576,313,034	60	6,859,605,217	69,779,836,912	123,472,893,910	20,933,951,074
30-06-03	755,766,013,201	60	12,596,100,220	344,189,700,167	226,729,803,960	103,256,910,050
30-06-04	1,421,583,799,071	60	23,693,063,318	665,817,785,870	426,475,139,721	199,745,335,761
30-06-05	2,068,187,147,901	60	34,469,785,798	646,603,348,830	620,456,144,370	193,981,004,649
30-06-06	2,801,182,462,842	61	45,921,023,981	732,995,314,941	840,354,738,853	219,898,594,482
30-06-07	4,019,418,172,873	61	65,892,101,195	1,218,235,710,031	1,205,825,451,862	365,470,713,009
30-06-08	3,777,704,886,810	69	54,749,346,186	(241,713,286,063)	1,133,311,466,043	(72,513,985,819)
30-06-09	2,120,650,872,183	82	25,861,596,002	(1,657,054,401,467)	636,195,261,655	(497,116,204,388)

Notes:

- 1 Market Capitalization is taken from Stock Exchange Sources
- 2 US \$ parity as of June 30, 2006-7-8-9 is taken from web i.e. www.forex.pk
- 3 Free Float i.e. Available shares in the Market are taken as an average, based on the market history.
- 4 The increase in Market Capitalization represents increase in Net- Wealth of Participants. This may be taken as benchmark but daily basis transactions needed to analyze the true figures of capital gains
- 5 Average rate of CGT is taken as 25% and appropriate tax credit in the event of Capital Losses is also considered. However, Capital Losses can be set-off in 5 or 6 subsequent years as per prevailing Income Tax Laws.

Central Depository Company (CDC). It is proposed that this tax, which is enjoying exemption till June 30, 2010, may be imposed thereafter to avoid any legal controversy. It is recommended a judicial commission like that of Justice © Bhagwandas Commission, which was set-up for petroleum products, may be set-up to fix modalities of Capital Tax in concurrence with Federal Government to ensure levy of CGT in forthcoming year. The market capitalization i.e. gross value of all shares as of particular date (June 30, 2000 to June 30, 2009), which indicates the basis of increase in wealth of stakeholders, is shown in Table "1".

2. CAPITAL GAIN TAX (CGT) ON SALE AND PURCHASE OF REAL ESTATE / PROPERTIES:

CGT on real estate is also a touchy issue. At the moment real estate worth trillions of rupees accruing mammoth gain, is not pay a single rupee as CGT. At present, real estate is one of the biggest sources of black economy since there is a wide difference between Market Value and Collector Value ("Value at which stamp duty on transfer of property is recovered by government") encouraging both buyer and seller to arrange money from off the book sources and triggering parallel economy. Although stamp duty on transfer of property is a provincial subject, CGT is a federal subject and Federal Government is duty bound to come hard on parallel economy. The following steps are proposed to be taken for the imposition of CGT on real estate:

- A formula for determination of market value of real estate has to be evolved through market surveys,
- Incentive to owners should be given by bringing Collector Value proximate to Market Value,
- Reducing the current rates of Stamp Duties e.g. in case of Sindh from 4% to say 2% or proportionate to Market Value vis-à-vis Collector Value,
- Introducing right of Government to buy properties by offering 10% more than the declared value (presently prevailing in India) to stop incorrect declaration,

- No levy or a little levy of CGT on the size of plots of 3 Marla and houses built thereon to accommodate common citizens of Pakistan,
- As a first step, one time exemption on the first transaction may be extended to all citizens of Pakistan, if they are not pursuing real estate as trading business. NTN shall be made a precondition for all real estate transactions,
- On subsequent deal i.e. 2nd transaction 5% CGT may be levied on seller at prevailing market price of plot or house,
- On all subsequent transactions 15% CGT may be levied on seller at prevailing Market price of the plot or house,

It is also proposed that this tax may be introduced forthwith as considering the size of the market this imposition may generate more than PKR 200 billion. However, a detailed study is required.

IMPOSITION OF WITHHOLDING TAX ON AGRICULTURAL PRODUCTS AT COLLECTION STAGE:

Although the imposition of Agriculture Tax, with reference to our prevailing Constitution of Islamic Republic of Pakistan, is a provincial subject and provinces are using the concept of Production Index Unit (PIU) as a basis for tax on Agricultural Income. The financial results from the collection of PIU Tax are not encouraging at all. The following barriers need to be crossed before we can pull the trigger of Agriculture Tax in some refined form and adhering to our Constitution:

- Withholding Tax may be imposed on output at final collection point instead of PIU so that legal battle on constitutional jurisdiction is avoided.
- That semi-direct tax shall be deemed to be the final liability and no further return of tax shall be required to be submitted, nonetheless, NTN shall be must for all the suppliers, and
- FBR shall need efficient handling of tax-payers and shall pursue the no questions asked policy.

Extracts from Economic Survey of Pakistan Table 1.5)

Table "2"

Gross National Product (GNP) at Current Cost

Calculation of Proposed Revenue Generation from Proposed Withholding Tax

Description	YEARS					
	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Agriculture (PKR) in Millions	1,164,751	1,314,234	1,457,222	1,685,240	2,016,553	2,590,185
Less: Subsistence Farming (20%) –						
PKR in Millions	232,950	262,847	291,444	337,048	403,311	518,037
Net Saleable Products (PKR) in Millions)	931,801	1,051,387	1,165,778	1,348,192	1,613,242	2,072,148
Withholding Tax @ 6%	55,908	63,083	69,947	80,892	96,795	124,329

- FBR shall need efficient handling of tax-payers and shall pursue the no questions asked policy.

Needless to write, the imposition of withholding tax on agricultural products is not easy to implement as the following pertinent issues may be raised by interested element:

- Legal issue of double taxation may be invoked,
- Political will of Government may not be strongly in favor of imposition of such tax,
- A lot of debate on possible rise in inflation, due to increase in cost due to this tax, may come to the surface, and
- Exporters may raise a hue and cry that they may become uncompetitive in international markets.

Although satisfying concerns of each and every stakeholder would be impossible, the aforesaid issues have plausible responses for the agitating audience as follows:

- Ineffective PIU formula was being replaced by withholding tax,
- If political will of government is not favoring imposition of withholding tax on agriculture to appease a small number of its feudal supporters then imposing Petroleum Development Levy (PDL) is affecting each and every citizen of the nation. Moreover, imposing withholding tax on agricultural products and concurrent withdrawal of PDL or reduction in the rate of other indirect taxes will have favorable outcome for the entire population including agriculturists,
- Inflation, without an iota of doubt, will be reduced as decrease in petroleum prices or other indirect taxes will contribute positively towards reducing inflation and lowering the cost of doing business even for farmers as they will pay less for transportation and other inputs as well, and
- Exporters have gained a lot on account of currency devaluation i.e. in the last one and a half year alone they have benefited by more than 35% and it is expected that our currency will further erode by 4% by end of current fiscal year.

It is proposed that withholding tax on agriculture products may be introduced with following modus operandi:

- It is clearly understood that subsistence farmers have no surplus to sell,
- Flat rate of 6% of purchase price may be levied on all output at collection points i.e. TCP, PASSCO, Provincial Government, exporters (if they are buying directly from suppliers and farmers), dairies, sugar mills, farms and export companies for fruits etc.,
- Each farmer / supplier shall be included in taxation net and

shall be given priority in bank loans fertilizer buying, seeds and other value added services, and

- FBR must pursue NO QUESTIONS ASKED policy or not conduct any post audit in any case. The submission of return by collecting persons shall be deemed to be the final return of tax. A detail working, based on Economic Survey of Pakistan, is shown in Table "2"

4. UNRECORDED IMPORTS SHOULD BE BROUGHT IN TAX NET:

Under-invoicing and smuggling are the sources of unrecorded imports. In February 2005, the FBR amended Custom Act through aforesaid SRO whereby it was mandatory for all import cargo entering customs for clearance to be accompanied with a copy of packing list, a valuation invoice and a consignment note and responsibility was affixed on seller and carrier of the cargo to adhere to this mandatory stipulation. The SRO was suspended in 2007 on the strong agitation of trader's body since this piece of legislation was presumably to cover their under-invoicing issues. According to a reliable source, in 2004 or 2005, the recorded figures on imports from China was around US \$ 1 billion whereas as per Chinese authorities they have exported goods worth more than US \$ 2 billion to Pakistan. Such huge under-invoicing is not only denying revenue to exchequer but has also dried the foreign exchange resources of Pakistan as they are routed through the exchange companies illegally. An estimated revenue loss of PKR 200 to PKR 300 billion every year may be accruing out of this unexplained suspension of SRO 198. The suspension has been lifted recently but its stringent implantation is the need of the hour.

Ashfaq Yousuf Tola

is an FCA and FCMA with over 18 years experience in Investment Banking, Structured Financing, Islamic Financing, Financial Product Development & Marketing, Acquisition & Merger, Corporate Rehabilitation and Restructuring, Tax Planning, Audit (Management & Statutory), Textile Spinning, Confectionary, System Review, and allied fields.

FULL VAT IN PAKISTAN:

Not Applicable At All

Syed Imtiaz Abbas Hussain, FCA

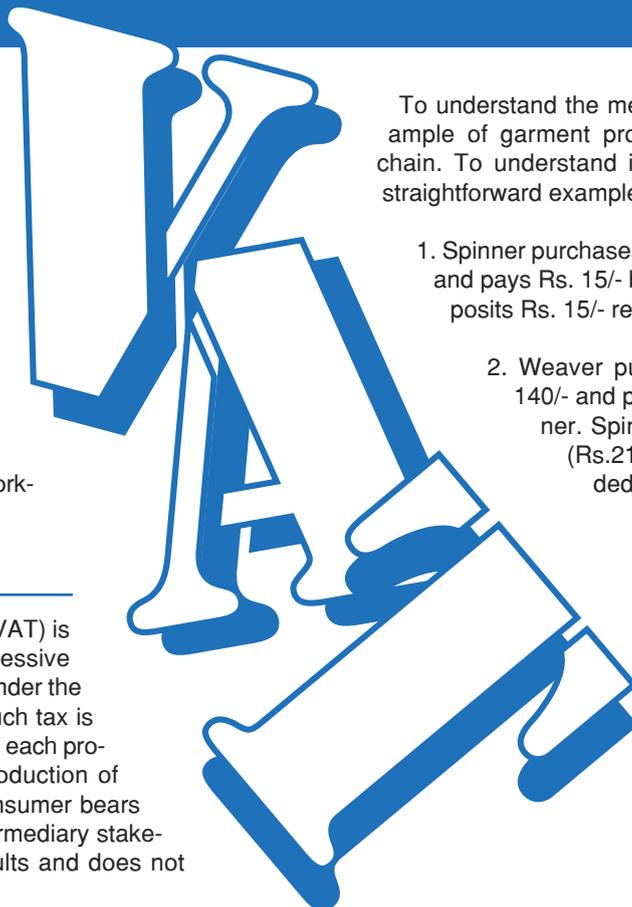
There burning news around the Government of Pakistan is that it has been told by the International Monetary Funds (IMF) that existing General Sales Tax (GST) in Pakistan is not a complete Value Added tax (VAT) and the IMF, therefore, has advised the Government to introduce VAT and abolish GST system in Pakistan. Only after going through the following paragraphs, one can easily conclude whether the proposition of IMF is workable or not.

Mechanism for VAT

The concept of Value Added Tax (VAT) is that tax increases at each progressive stage of production of goods and under the input and output device of VAT, such tax is paid and gets adjusted / refunded at each progressive intermediary stage of production of goods and ultimately the end - consumer bears the burden of VAT unless any intermediary stakeholder under the VAT chain defaults and does not avail input adjustment / refund.

To understand the mechanism for VAT, let us take an example of garment production through the following VAT chain. To understand it easily I have taken a simple and straightforward example:

1. Spinner purchases raw cotton from Ginner for Rs. 100/- and pays Rs. 15/- being 15% VAT to Ginner. Ginner deposits Rs. 15/- received as VAT to Government.
2. Weaver purchases yarn from Spinner for Rs. 140/- and pays Rs. 21/- being 15% VAT to Spinner. Spinner deposits Rs. 6/- to Government (Rs.21/- received as VAT from Weaver and deducts Rs. 15/- paid to Ginner).
3. Garment Industry purchases fabrics from Weaver for Rs. 200/- and pays Rs. 30/- being 15% VAT to Weaver. Weaver deposits Rs. 9/- to Government (Rs.30/- received as VAT from Garment industry and deducts Rs. 21/- paid to Spinner).



4. Wholesaler / Distributor / Dealer purchases garment from Garment Industry for Rs. 300/- and pays Rs. 45/- being 15% VAT to Garment Industry. Garment Industry deposit Rs. 15/- to Government (Rs.45/- received as VAT from Wholesaler / Distributor / Dealer and deducts Rs. 30/- paid to Weaver).
5. Retailer purchases garment from Wholesaler / Distributor / Dealer for Rs. 360/- and pays Rs. 54/- being 15% VAT to Wholesaler / Distributor / Dealer. Wholesaler / Distributor / Dealer deposits Rs. 9/- to Government (Rs.54/- received as VAT from Retailer and deducts Rs. 45/- paid to Garment Industry).
6. End Consumer purchases garment from Retailer for Rs. 400/- and pays Rs. 60/- being 15% VAT to Retailer. Retailer deposits Rs. 6/- to Government (Rs.60/- received as VAT from End Consumer and deducts Rs. 54/- paid to Wholesaler / Distributor / Dealer).
7. End Consumer absorbed cost burden of Rs. 460 being price of garment of Rs. 400/- and VAT expenses of Rs.60/- as End Consumer can not take adjustment / refund of VAT from the Government.

The following Table gives a clear picture of VAT mechanism

S.No	VAT Chain		VAT to Government	VAT burden on Chain
1	Ginner	Rs.15	Rs.15	0
2	Spinner	Rs.21		
		Less: Rs.15	Rs.06	0
3	Weaver	Rs.30		
		Less: Rs.21	Rs.09	0
4	Garment Industry	Rs.45		
		Less: Rs.30	Rs.15	0
5	Wholesaler / Distributor / Dealer	Rs.54		
		Less: Rs.45	Rs.09	0
6	Retailer	Rs.60		
		Less: Rs.54	Rs.06	0
7	End Consumer	Rs.60		
		Rs.60		
	Total		Rs.60	Rs.60

What's the need to abolish GST?

The Government representatives from FBR have said that the Government wants to introduce VAT in full with effect from July 1, 2010 because GST has totally failed as it is not a complete VAT. GST has distorted the basic concept of VAT by introducing exemptions, many rates of taxes, zero rating etc. which is why refund of sales tax was also jammed and the Government failed to get the desired results.

The following table presents a quick analysis of incomplete GST and complete VAT

Functional Areas	GST	VAT
Sales Tax Regime	Incomplete	Full and complete
Many rates of taxes	12	Only 1
Exemptions	Many	None
Zero Rating	Five sectors	None
Refund of sales tax	Jammed	Smooth
Businesses that may not charge VAT	Cottage Industry and Retailer turnover of up to Rs.5 million	Business with turnover of up to Rs.7.5 million

When you read the proposed Federal Value Added Tax Act,

2010 (Fed VAT) and the proposed Province Value Added Tax Act, 2010 (Prov VAT), you find that these new proposed Fed VAT and Prov VAT are more or less the same GST laws. There are schedules of exemptions, Zero Rating, and instead of the initially talked about 'one rate' there are now many rates on the way. Even the UK VAT is not a complete VAT as explained above.

We should appreciate the fact that the previous Government wanted to introduce VAT in full, but they did not find it feasible in our existing economic conditions as we are still a developing country.

The solution seems to be to impose GST as a first step towards full imposition of VAT based on the following strategic assumptions, and then gradually switchover to a moderate VAT which will be workable in Pakistan. The national exchequer loses billions of rupees each year due to high corruption of businessmen and government officials especially in these five sectors – textiles, leather, carpets, surgical instruments and sports goods. The introduction of Zero Rating can help curb corruption. The Government must allow different high rates of GST for some sectors keeping in view their economic priorities and their problems.

To control inflation strategically through introduction of a mild VAT, which is called GST, Government has modified GST by introduction of exemptions to few sectors, goods and services, zero rating to five sectors and maintaining small amount of threshold of Rs.5 million.

For speedy refund of sales tax, Government has introduced so many devices like STARR, CREST, CSTRO, Fast Track Channels etc. but these could not succeed because full amount of sales tax is not in the GST / VAT regime due to exemptions, zero rating, lower rate of tax, used funds by Government etc. The automated sales tax refund system will also not work; it is just an eye wash as complete VAT can not be introduced. FBR says that with the introduction of VAT the Government will get additional revenue of around Rs.500 billion to Rs.600 billion in three years which will be used for public welfare. This means that we will have a worse refund system under the proposed VAT than the existing GST system.

Conclusion and Suggestions

There is no need to abolish GST and to introduce VAT from scratch. My suggestions to the Government of Pakistan may be workable in our existing economic conditions:

1. What the Government needs to do is that to modify the existing GST laws keeping in view the strategic economic priorities of Pakistan and to control bursting inflation.
2. Government may easily change the name from GST to VAT, as existing GST has all the characteristics of VAT modified to our conditions and is the outcome of VAT.
3. Existing five Zero Rating sectors must be kept intact to curb inflation and corruption as just making export zero rating will not serve the purpose. For example, a 15% VAT on textile products means billions of rupees in public debt which will further spark inflation. On top of that are vested interests in business and government.

The FBR has released the following information March 30, 2010 on how to increase TAX- GDP Ratio:



The concept of Value Added Tax (VAT) is that tax increases at each progressive stage of production of goods and under the input and output device of VAT, such tax is paid and gets adjusted / refunded at each progressive intermediary stage of production of goods and ultimately the end - consumer bears the burden of VAT unless any intermediary stakeholder under the VAT chain defaults and does not avail input adjustment / refund.

Sectors	GDP %	TAX %
Agriculture	20.9%	1.2%
Manufacturing	16.8%	62.2%
Service	59.6%	32.2%

To improve Tax – GDP Ratio I propose the following:

- The above percentages must not be taken on face value. The service sector is emerging and should not be hammered with further tax. For Raising agricultural tax may hurt the small farmer though it brings the rich landlord in to the tax net, too. But too much tax burden may add to inflation as the people of Pakistan depend on agriculture. Manufacturing is already overburdened with high tax which is why their contribution to GDP is low.
- There's an immediate need to revisit large scale exemptions relevant to inflation. Exemptions to flourishing sectors may be withdrawn strategically.
- The underground economy, which is around 40 percent of Pakistan's real GDP, must be tapped although there are influential people behind it. GST, Income Tax and other levies may be introduced on this area under a documented system with severe punishments for violation.
- Physical and judicial controls, with no exceptions, on leakages and evasion in administration will bring massive increase in Tax– GDP ratio.
- Steps to be taken to induct professionals with high integrity in government administration. It sounds hypothetical but it's not impossible to do.

- With controlled inflation, more Sales Tax can be generated if the rate of VAT/GST is kept low and the retailer is exempted because corruption emerges at this stage where the business owners usually evade taxes. Fixed non-refundable GST / VAT should be imposed at the import stage of luxury items.



- Reverse charge and 25 percent advance concept should not be introduced. It will create further problems.
- Prov VAT / GST must also be regulated as Fed VAT , otherwise it will be a defective law.
- Federal and special excise duties should be abolished to make the GST / VAT law and documentation simple. Legal complications encourage corruption and discourage growth in GDP.
- Instead of involving the Parliament to make decisions on issues of VAT / GST these should remain within the domain of technical and professional people in FBR and Ministry of Finance.



Open Budget Survey Finds Weaknesses in Budget Transparency in South Asia

Harika Masud¹

INTRODUCTION:

As the specific plans for how public funds will be raised and spent, budgets are the government's most powerful tool to meet the needs and priorities of a country and its people. Despite the direct impact that budgets have on a country's economy, development, and the lives of its people, traditionally the public has been shut out of the processes through which critical taxing and spending decisions are made. In fact, there was a belief among many public finance "experts" that encouraging the public to participate in budget decisions would lead to inefficiency and irresponsible decisions.

This attitude has begun to shift over the past decade or so, influenced in large part by increasing efforts by civil society organizations to engage in government budget processes in order to affect policy choices and make public budgeting more open and accountable. More and more, it is being recognized that when ordinary people are involved in managing the public's money, you get stronger decisions, less corruption and mismanagement, and better outcomes for a country's people, especially the poor.

However, for civil society and the public to play a meaningful role in policy processes, they must have access to timely, comprehensive, and useful information and opportunities to participate. In assessing how transparent, participatory, and accountable the budget

systems are in South Asia, the International Budget Partnership's² (IBP) Open Budget Survey 2008 provides detailed findings on what these governments are doing well and where and how they might improve. Here we will present the Open Budget Survey 2008 findings for South Asia and make some recommendations for how governments in the region can improve their budget transparency and accountability.

THE OPEN BUDGET SURVEY: WHAT IT MEASURES AND HOW IT MEASURES IT

The IBP defines budget transparency as public access to timely, comprehensive and useful budget information. While this is similar to the Organization for Economic Cooperation and Development (OECD) and the International Monetary Fund (IMF) definitions, the IBP goes further to emphasize the importance of opportunities for the public to participate meaningfully throughout the budget process, and the need for effective oversight by legislatures and supreme audit institutions (SAIs).

The Open Budget Survey is a biennial survey that evaluates whether central government give the public access to budget

information and opportunities to participate in the budget process, as well as the ability for legislatures and SAs to perform an effective oversight role. The Open Budget Survey 2008 is the most recent round of research and includes findings for 85 countries.

The Survey is composed of 123 questions that allow researchers to evaluate the information that should be available at each phase of the budget process and the factors required for effective legislative oversight and auditing. To simply measure the overall commitment of countries included in the research to transparency and to allow for comparisons among countries, the IBP created the Open Budget Index (OBI) based on the responses to the 91 questions in the Survey that evaluate public access to budget information.

Within each country studied, a researcher or team of researchers, who are drawn from civil society and are independent from the government and political parties, completes the survey. The re-

Eight Key Budget Documents

The following are the eight key budget documents that *should* be publicly available as per international best practices on fiscal transparency.

A **Pre-Budget Statement** presents the assumptions used in developing the budget; expected revenue, expenditure, and debt levels; and the broad allocations among sectors.

The **Executive's Budget Proposal** presents the government's detailed declaration of the policies and priorities it intends to pursue in the upcoming budget year, including specific allocations to each ministry and agency.

The **Enacted Budget** is the legal document that authorizes the executive to implement the policy measures the budget contains.

There are three review documents that governments should publish during the course of budget execution. First, the executive should issue monthly or quarterly **In-Year Reports** on revenues collected, expenditures made, and debt incurred. Second, the executive should publish a **Mid-Year Review** to discuss any changes in economic assumptions that affect approved budget policies. Third, the executive should issue a **Year-End Report** summarizing the financial situation at the end of the fiscal year; this report should include an update on progress made in achieving the policy goals of the Enacted Budget.

Best practice requires that a body that is independent from the executive issue an annual **Audit Report** covering all activities undertaken by the executive.

Budget documents are usually lengthy and contain technical information. Thus, governments should also publish a **Citizens Budget** – a simplified summary of each of the seven budget documents discussed above issued in languages and through media that are widely accessible to the public.

searchers have to provide evidence for their answers; the Survey is not based on opinion or perception. Their work is analyzed and reviewed by the IBP staff to cross check it against available information, and then peer reviewed by two independent in-country budget experts. This internal civil society evaluation of how open and accountable a government is to its people distinguishes the Open Budget Survey from other studies of budget transparency, which rely primarily on self-reporting by governments and research by external reviewers.

STATE OF BUDGET TRANSPARENCY IN SOUTH ASIA

Public Availability of Documents: The average Open Budget Index 2008 score for the South Asia region is 42 percent out of a possible 100, which is only slightly higher than the overall average of 39 percent for all the 85 countries included in Survey. This means that from a regional perspective South Asia performs well in comparison with Middle East and North Africa (24 percent) and Sub Saharan Africa (25 percent), but its budget transparency performance still leaves much to be desired.

According to the Open Budget Survey 2008, the *actual* extent of the public availability of budget documents in the South Asian countries studied needs to be improved.

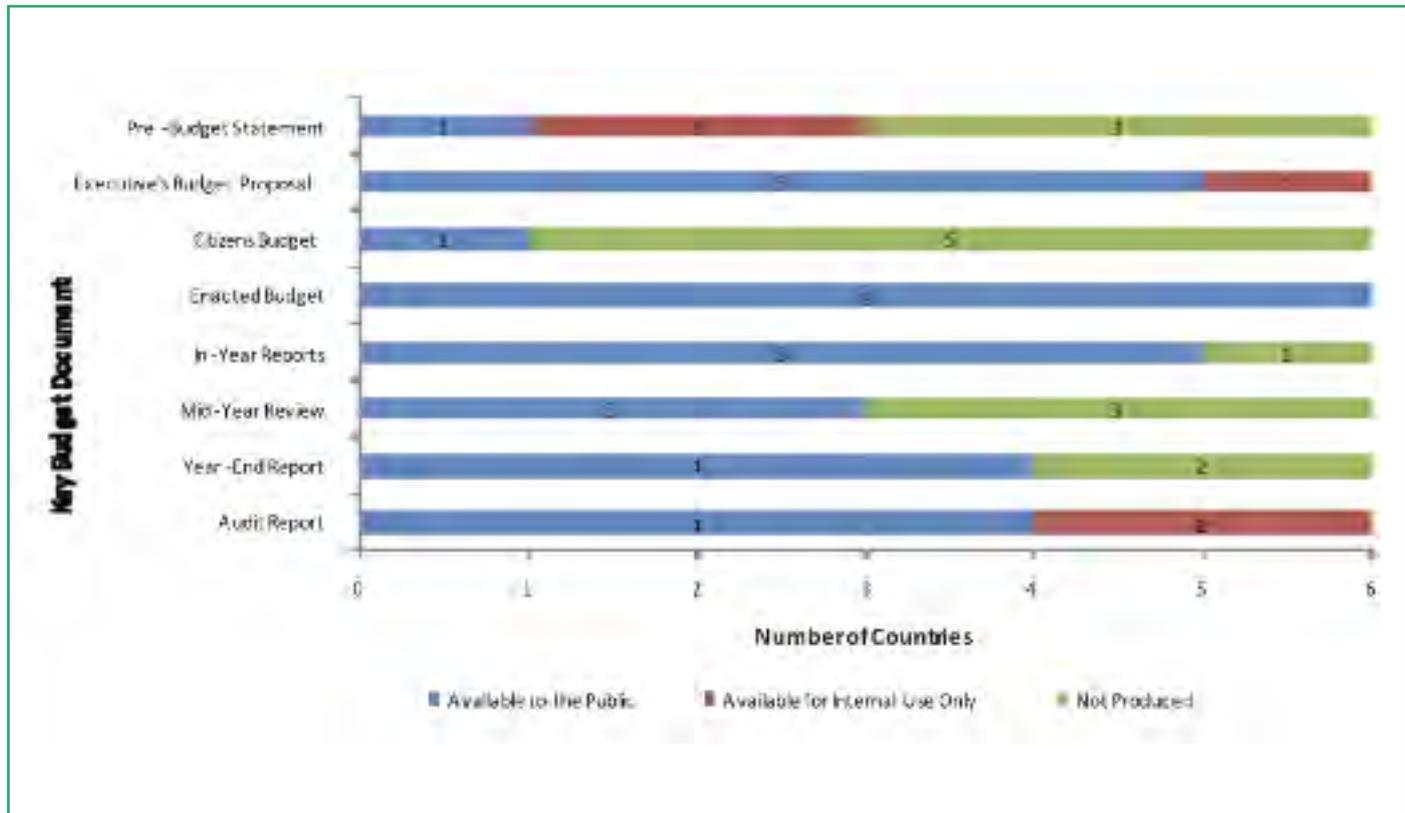
Pre-Budget Statement: The lack of public availability of the Pre-Budget Statement is the biggest weakness in the region. Five of the six countries studied either do not produce or do not release the Pre-Budget Statement. Though Sri Lanka's Pre-Budget Statement is released in a timely manner and highlights key aspects of the fiscal and macroeconomic framework for the budget proposal, it still lacks detail regarding the government's policies and priorities for the upcoming budget.

Executive's Budget Proposal: Five of the six countries in the region (except Afghanistan) release their Executive's Budget Proposal to the public. Sri Lanka publishes the most comprehensive budget proposal followed by India and Bangladesh, while Nepal and Pakistan's budget proposals lack critical information. India's Executive's Budget Proposal could be improved by providing better classification of expenditure estimates. Both India and Pakistan's proposals do not contain multi-year forecasts of expenditures and revenues. All five of these countries could improve the comprehensiveness of their proposals by providing additional information on debt, the impact of different macroeconomic assumptions on the budget, intergovernmental transfers, and future liabilities.

Enacted Budget: While all six countries in the region release to the public their Enacted Budgets, five need to go beyond aggregate totals to provide more details for expenditure estimates by program level. India leads the region in providing this level of detail in its Enacted Budget.

Citizens Budget: Five of the six countries except India do not produce a Citizens Budget, thereby limiting the public's ability to understand budget policies and participate meaningfully in the budget process.

Execution Reports: Pakistan is the only country of those studied that does not produce In-Year Reports. For those that do, there is potential for improvement. For instance, Sri Lanka's In-Year Reports do not provide details on how funds were expended for individual programs. Details about the level of actual borrowing and composition of government debt are absent in Afghanistan



and Nepal's In-Year Reports. While India and Bangladesh's In-Year Reports are more comprehensive, they should provide program-level detail as opposed to aggregate totals for actual expenditures.

Afghanistan, Bangladesh, and Pakistan do not produce a Mid-Year Review. Sri Lanka does, but its Mid-Year Review does not provide details of why actual expenditures differ from the budget estimates, and it does not include individual program details. Similarly India's Mid-Year Review does not provide revised estimates for revenues or expenditures for the remainder of the budget year based on those from first six months.

South Asia's performance with regard to the Year-End Report is also weak. Pakistan and Bangladesh do not produce Year-End Reports, and those released by Afghanistan and Nepal contain limited information. Even though Sri Lanka and India score relatively higher in this category, their Year-End Reports do not contain essential explanations for the difference between original budget estimates and actual outcomes at the end of the fiscal year.

Audit Report: Unlike the other countries in the region where Audit Reports are publically available, they are produced only for government's internal use in Pakistan and Bangladesh. In Pakistan the SAI also does not release audits of extra-budgetary funds to the public.

STATE OF BUDGET ACCOUNTABILITY IN SOUTH ASIA:

There are three primary actors in an effective budget oversight system: an empowered, capable legislature, an independent supreme audit institution, and a well-informed and engaged public. The Open Budget Survey 2008 once again finds that the countries of South Asia have room to improve.

Legislative Performance: The average Survey 2008 score for

"strength of legislatures" in South Asia is 32 out of a possible 100, compared to the overall average of 42 percent for all the 85 countries surveyed. To be truly effective in budget decision making, legislatures must have the legal power to amend the Executive's Budget Proposal and to approve any budget modifications required during the fiscal year. They also should have the authority to respond to and follow up on audit recommendations, and they should be consulted by the executive throughout the budgeting cycle.

The Survey finds that the legal authority of legislatures varies across the region. In Afghanistan the legislature has ability to amend the Executive's Budget Proposal; those in Bangladesh, India, and Pakistan have limited amendment powers, and in Nepal the legislature has unlimited authority to amend the budget. Moreover, in countries across the region the executive holds only limited consultations with select legislators during the budget formulation process. In Bangladesh the executive does not consult with legislators at all.

To be effective the legislature also needs timely access to comprehensive budget information. The OECD recommends that the executive provide a detailed budget proposal to the legislature at least three months prior to the start of a fiscal year. However, none of the countries in South Asia meet this criterion. In Sri Lanka, Afghanistan, Pakistan, and India the legislature receives the budget proposal less than three months before the fiscal year begins. In Nepal the legislature receives the budget one week before the start of the budget year, and in Bangladesh the legislature does not receive the budget before it is presented in parliament.

The legislature also plays an important role in holding the government to account because SAIs' legal mandates usually prevent them from playing a direct role in policy or political processes. Therefore, the legislature must follow up on audits. The Survey found that in India, Sri Lanka, and Pakistan, the

legislatures follow up on audit recommendations more frequently. There is less follow up in Nepal and none in Afghanistan and Bangladesh.

In all of the South Asian countries surveyed except India neither the SAI nor the legislature reports to the public on actions taken by the executive to address audit recommendations. This makes it easier for government to ignore audit recommendations.

Country	Legislative Strength	SAI Strength	Average OBI Score
Afghanistan	24	7	8%
Bangladesh	8	27	42%
India	45	63	60%
Nepal	50	47	43%
Pakistan	25	57	38%
Sri Lanka	42	43	64%
Average	32	41	39%

Supreme Audit Institution Performance: The average score for “strength of SAI” for South Asia is 41 out of a possible 100, compared to 45 percent for all the 85 countries included in the Survey. Critical to an SAI’s ability to provide effective oversight are a) its independence from the executive branch, and b) full discretion in law to decide which audits it will undertake. In Afghanistan the executive may remove the head of the SAI from office without the final consent of the legislature or the judiciary, and the SAI has no discretion on which audits it will undertake. In the remaining five countries, the legislature or judiciary must approve of removing the head of the SAI from office, and the SAI has full or significant discretion in law to decide which audits it will undertake

Public Participation: Opportunities for the public to participate in budget processes can improve budget decisions and strengthen oversight. During budget formulation, one forum for such participation is hearings at which civil society organizations and citizens can testify. Unfortunately, the Survey finds that no public hearings are held in five out of the six countries in South Asia. In Pakistan, even though public hearings are held on the executive’s macroeconomic and fiscal framework, only members of the executive branch may testify, so there is no real space for the public to intervene and to make a case for their budget priorities.

The public also can support the work of the SAI, and many countries have mechanisms that allow the SAI to tap the public as a source of information on mismanagement of public funds. South Asia lags in this area. The Survey finds that SAIs in Nepal, Bangladesh, and Afghanistan have no such mechanisms to solicit inputs from the public, and even though SAIs in Sri Lanka, Pakistan, and India do, they receive little or no information.

CONCLUSION & RECOMMENDATIONS:

There is much room for improvement in the budget systems in South Asia, if there is sufficient political will. The following recommendations could significantly increase the transparency and accountability of these systems.

- Governments should make publicly available all of the key budget documents and other related budget information that they already produce for internal purposes but do not release. This can be done quickly and at low cost by immediately making this information available on the Internet. This is a question of political will.
- To further encourage public access to budget information and public participation in the budget process, governments should enact and/or enforce freedom of information laws. Sri Lanka and Afghanistan have not codified the right to access government information, and although Nepal and Pakistan have, in practice public access to highly detailed budget information remains limited.
- Key budget documents that are publicly available should be more comprehensive, incorporating disaggregated information in program-level detail.

Governments should strengthen the independence and capacity of the legislature and supreme audit institutions to play their formal oversight role. Reforms should address the political and financial independence of these institutions, as well as their analytical capacity, access to the executive, and other legal powers required to fulfill their mandate.

¹ Harika Masud joined the International Budget Partnership in July

2007. As a program officer, she provides research and project management support to the Open Budget Initiative. She provides training and technical assistance to organizations on good practices related to public financial management, reports on project activities, and researches innovative civil society methods and tactics to promote sound public financial management practices.



Prior to working with the IBP, Harika worked with the National Employment Law Project and the World Bank in the United States and the Lahore University of Management Sciences and Kashf Foundation in Pakistan. She obtained her Bachelor degrees in Economics and Social Sciences from the Lahore University of Management Sciences, and she holds a MA in Public Policy Analysis from the University of Michigan.

² The International Budget Partnership (IBP) is a nonprofit organization that collaborates with a large and diverse network of civil society organizations around the world to fight poverty and improve governance by reforming government budget systems and influencing budget policies. At the heart of IBP’s work are efforts to make government budgeting more transparent and participatory, more responsive to national priorities, better able to resist corruption, and more efficient and effective.

³ International best practices in fiscal transparency refer to good practices related to public financial management, the criteria for which have been developed by multilateral organizations, such as the IMF, the Organization for Economic Co-operation and Development (OECD), and the International Organization of Supreme Audit Institutions (INTOSAI).

⁴ The six countries of South Asia that are included in the Open Budget Survey are India, Pakistan, Sri Lanka, Nepal, Bangladesh and Afghanistan.

IFRS FOR SMES - AN EASY AND COST EFFECTIVE OPTION

Goind Ram Khatri

The long awaited 'IFRS for SMEs' has recently been issued by the International Accounting Standards Board (IASB). In a series of two articles Goind Ram Khatri explains the importance of this standard together with its possible application in Pakistan as well as its comparison with full IFRSs.

Introduction

Until recently, there was no single set of accounting standards dedicated to small and medium sized companies. As many as 200 plus local GAAPs are available throughout the world for the preparation of financial statements of private companies meaning that comparison across jurisdictions is almost impossible. Furthermore, given their size, complexity and availability of expertise, the use of the full set of IFRSs is also not considered a cost effective or an operationally feasible alternative to local GAAPs.

Keeping in mind the concerns of small businesses, the IASB started a project to develop a stand alone standard. The idea was to introduce an accounting standard which specifically caters for the needs of these companies and establishes consistency throughout the world. After extensive research and collaboration with preparers of financial statements, users and professional accountants throughout the globe the IASB in July 2009 issued a new standard in the form of 'IFRS for SMEs', a self-contained standard tailored for the needs and capabilities of smaller businesses. IFRS for SMEs contains a concise version of the full set of IFRSs. Many of the recognition and measuring criteria have been simplified, topics not relevant to SMEs have been omitted, and the number of required disclosures has been significantly reduced. The IASB aims to achieve the following objectives by issuing this standard:

- improve comparability for users of the financial statements
- enhance the overall confidence in the accounts of SMEs, and
- reduce the significant cost involved in maintaining standards on a national basis.

Structure of IFRS for SMEs

IFRS for SMEs has 230 pages, compared with the 2,855 pages of full IFRSs. The reduction in the number of pages is mainly achieved by:

- decreasing the number of disclosures from 3,000+ in full IFRSs to 300 in IFRS for SMEs.
- simplification of the recognition and measurement criteria (such as for Property, Plant and Equipment, which under full

IFRS, can be measured either under a cost model or a fair value model, while applying IFRS for SMEs an entity should measure such items under the cost model only).

The IFRS for SMEs is structured by topics, with each topic presented in a separate section. The standard is divided into 35 different sections relevant to the small businesses. All of the paragraphs in each section of the standard have equal importance unlike full IFRSs that contain **bold and italic** paragraphs, which have a higher importance and normal font paragraphs which are considered as explanatory notes to the bold and italic paragraphs.

Who is eligible to use IFRS for SMEs?

IFRS for SMEs is intended to be used by small and medium sized entities (SMEs). The standard has very specific interpretation of what entities fall under the definition of SMEs. We will take a closer look at this in the next section of this article. The standard does not require the user to refer back to full IFRSs for any guidance including where IFRS for SMEs is silent on a treatment (there is one exception whereby entities may use full IFRSs for financial instruments on an optional basis). The IASB has left the decision to adopt the standard open to local legislation or regulators for each country or region.

What are Small and Medium Sized Entities?

Paragraph 1.2 of the standard defines Small and Medium-sized Entities as entities that:

- a) do not have public accountability, and
- b) publish general purpose financial statements for external users.

An entity has **public accountability** if:

- a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or

b)it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.

Examples of publically accountable entities include entities listed on stock exchange or other financial institutions, which hold assets in a fiduciary capacity. Over 99% of the private entities around the world do not have public accountability and are therefore eligible to use the standard.

Worldwide reaction to IFRS for SMEs

Regulators around the globe welcome IASB's publication of the standard. Some countries have successfully adopted the standard as part of their legislation and others are on the way to adopting it in the near future. South Africa, Mauritius, Cambodia, Venezuela, and Botswana are amongst those countries who have adopted IFRS for SMEs, subject to certain conditions. The Accounting Standards Board in the UK has recently issued a proposal to replace UK GAAP with either full IFRSs or IFRS for SMEs depending on type of company. The EU has also launched a consultation on the use of IFRS for SMEs in Europe generally.

The World Bank also welcomes the publication of the standard. The World Bank supports the adoption of IFRS for SMEs which is evident by its press release of July 2009 that states: *'The IFRS for SMEs provides a valuable financial reporting reference framework for smaller entities that is more responsive to the size and ownership of their operations, and should help improve their access to finance.'*

Resources available

In addition to a free download of the complete IFRS for SMEs, the IASB has also posted the following additional materials which can be downloaded *free of cost* from its website:

- implementation guidance;
- illustrative financial statements;
- presentation and disclosure checklist; and
- training modules: one for each of the 35 sections (so far 17 modules are available for download, the remaining modules will be published in the course of this year).

Training modules are a good resource for those who want to develop expertise in this area. Each module comprehensively covers the following areas:

- introductory material
- explanation of the requirements
 - full text of the requirements
 - 'how to' examples
 - other explanations
- discussion of important judgements
- comparison with full IFRSs
- test your knowledge - multiple choice questions
- apply your knowledge - case studies

Possible implementation of IFRS for SMEs in Pakistan

Pakistan, being one of the first countries in the region to adopt IFRSs, is in a relatively advantageous position to adopt the IFRS for SMEs. Currently, three types of accounting and reporting standards are being followed in Pakistan:

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Publically accountable companies. 2. Medium-Sized Entities (MSEs) 3. Small-Sized Entities (SSEs) | <p>IFRSs approved by the Council of ICAP and notified by SECP.</p> <p>Accounting and Financial Reporting Standard for Medium-Sized Entities (MSEs) issued by ICAP.</p> <p>Accounting and Financial Reporting Standard for Small-Sized Entities (SSEs) issued by ICAP.</p> |
|---|---|

MSEs and SSEs, being non-publically accountable companies, are eligible to adopt IFRS for SMEs subject to a relevant amendment to the 5th Schedule of the Companies Ordinance, 1984. Possible options for convergence of these companies to IFRS for SMEs include:

1. Consolidate MSEs and SSEs categories and introduce a new category *Small and Medium Sized Entities* based on a quantitative threshold such as turnover, net assets and/or number of employees. This will require amendments in 5th Schedule of the Companies Ordinance, 1984; or
2. Another option will be to require MSEs to follow IFRS for SMEs without any additional quantitative threshold and allow SSEs to follow either Accounting and Financial Reporting Standards for Small-Sized Entities (SSEs) issued by ICAP or IFRS for SMEs.

There may be other possible options available and consideration of audit exemption thresholds will also be important. Benchmarking to countries that have already adopted this standard may be useful.

Under the existing structure, ICAP recommends any new accounting standards to the Securities and Exchange Commission of Pakistan (SECP) for possible inclusion in the legislation. SECP, after due consideration introduces appropriate amendments, where considered necessary. Therefore, how and when this new standard will be available for adoption in Pakistan really depends on recommendations of ICAP's Council.

Effective date

Unlike full IFRSs, the IASB has not set any effective date for IFRS for SMEs. The effective date, therefore, will be determined by each jurisdiction that adopts it.

Conclusion

Following the global bandwagon of IFRS and the global convergence agenda of which IFRS for SMEs is an important further step, many national regulators and/or standard setters throughout the world are busy considering possible options for adoption of the standard. The next few years will be an interesting period as we see to what extent the IASB is successful in achieving its objective of a single standard for private companies, thus improving comparability as well as increasing overall confidence in the financial statements of these companies. However, this is not just a question of accounting standards. Given the internationalization of financial markets and the competition to access capital, IFRS for SMEs can provide a transparent international reporting platform for small and medium sized companies to assist them in obtaining scarce financial resources. SECP and ICAP should not delay in starting the debate on IFRS for SMEs.

Goind Ram Khatri,

FCCA is an Audit Manager in Financial Services at Deloitte in Dublin. Goind is also a member of the technical team of the firm.

Benchmarking

Tariq Jamil, FCA

Benchmarking is considered to be one of the most important techniques used in modern day business houses for creating success in business or transforming business. These days organizations have to be self-critical. There is a need to establish quality checks and standards on Total Quality Management (TQM) principles. TQM involves setting up of a new management system based on process improvements and comparisons to discover 'best practices'. Like any other concept, Benchmarking is also a multi-faceted concept. The word "Benchmarking" has not so far achieved common, unambiguous understanding. Therefore, before commencing any Benchmarking exercise, it is essential that you define what you exactly mean by it so that the business change initiative is not lost or does not crumble in the middle of an exercise. Some important definitions of Benchmarking are:

- A common dictionary meaning would describe it as "a standard against which something can be measured".
- Rib Rieder, in his publication "Benchmarking Strategies, 2000" states that "Benchmarking is concerned with continuously evaluating the company's

best practices through internal and external comparisons."

- Robert C Camp, Quality Manager at Xerox Corporation, USA, also known as a pioneer in benchmarking says, "Benchmarking is the search for and implementation of best practices ... The continuous process of measuring our products, services and practices against our toughest competitors or those companies known as leaders."

In a nutshell, when embarking on your journey to successful Benchmarking you need to ask yourself and your team the following fundamental questions:

- What is wrong with what we do?
- How can we do it better?
- Will it give us a competitive advantage?
- Will our workforce be able to change?
- How much will it cost?

But the real question that has to be answered is: Do you have good reasons to satisfy your colleagues and the staff that it is worth accepting the challenge of going down the route of Benchmarking?

Some fundamental reasons for Benchmarking would be to establish the difference, setting the highest possible standards, learning from the best in class, and creating synergy of ideas.

Benchmarking could be of many types but generally accepted types of benchmarking are:

- Internal benchmarking
- Competitive benchmarking
- Non-competitive benchmarking
- Generic benchmarking

Internal Benchmarking would mostly deal with the existing processes, and while evaluating such processes the questions that the management should be asking are:

- What are the most admired procedures?
- What makes them efficient?
- What processes could be useful to other areas?
- What are we bad at?
- What makes such things inefficient?
- Why do we continue to do them?

What is needed is a consultative approach to review the processes with the sole objective of achieving a healthy benchmarking culture. The focus should be on whether a new way would deliver a better bottom line or incremental profits.

Competitive benchmarking, also referred to as financial comparisons and customer expectation comparisons, requires looking at the competitor's business model and processes, particularly those that seem to be rated better in the same jurisdiction. The only issue that needs to be confronted in competitive analysis is the collection of reliable and complete information. Corporate ethics would certainly permit to sneak into the internal processes of a competitor, but there is always some opportunity of looking at the business model and processes of a competitor where certain information is published, or where information is accessed through employees moving from the competitor, but there is a risk that the information available from these sources would not necessarily be latest or complete. Nevertheless, whatever you do, the benchmarking would tell you where you are and where the competitors are but not how they got there. However, you can still draw the key differences through analysis of published financial information giving due consideration to the industry knowledge that you possess. For instance, you can identify some generic differences based on your analysis of gross margins, pre-tax profits, cash flows, debts, employees' productivity, etc. Based on this analysis, you can evaluate the successes, if any, of the competitors and attribute those to some processes that they follow. For instance, it could be better pay and recruitment policies, better incentive plans, better and efficient delivery system or better and efficient post sales services or warranties. In adopting the processes of your competitor, you also need to be vigilant and adopt a policy of working smart rather than working hard and risking all. IBM is a classic example of a company following a wrong path at the wrong time by choosing to produce large computer systems rather than small PCs. However, many smaller competitors went out of business simply because they were unwilling to accept that the market leader might have temporarily got it wrong.

Non-competitive benchmarking, also called functional benchmarking or process benchmarking requires looking at the business model and processes of organizations that may not be competitors but some of their processes are similar to those of your own. You can get to know these processes from a consumer per-

spective. For instance, quality, delivery time, coverage area, aggressive follow up and feed back, etc.

Generic Benchmarking requires looking at the Best in Class, i.e. looking at processes of those organizations, which have the reputation of being the non-competitive market leaders, but their processes are directly comparable with your own processes.

We need to understand that without basic benchmarking techniques the quality can neither be established, nor improved. It is said that the road to superior quality and market leadership ends with the key philosophy of TQM, but the beginning of the journey, setting the standard for improvement, is benchmarking. TQM is the generic term for collection of techniques covering management, process and customer interface.

Management should encompass management behaviour which includes teamwork by creating synergy within teams and within departments, rapid learning, implementing performance management system to recognize and reward performance, communication and participation.

Process is extremely crucial for making any organization efficient. The TQM areas within process management must include process analysis, cost reduction, waste management.

Customer interface should normally include customer satisfaction surveys, review of real and perceived customer experience.

Benchmarking has universal application with minimal cost. It can be applied across a wide range of organizations irrespective of their nature, size and volume. The essence of the technique is examining how you carry out your most important processes and finding out if they can be done better in the future.

Some successful users of benchmarking techniques are: Procter & Gamble, ICL, Federal Express, and Ritz-Carlton Hotel. P&G used a seven point survey to monitor the effectiveness of their trade customer relationships, and that had resulted in loyal customers offering competitor information free on a regular basis, thereby helping P&G to know quickly the marketing activity of their competitors. ICL benchmarked 20 of its competitors for overall financial performance and product technology. Fedex introduced TQM principles into the organisation. Their outstanding approach to

quality issues won them 195 awards. Ritz Carlton undertook to question customers about what processes were important to 'delight' guests, and that resulted in identification of some 19 processes and making improvements therein resulted in 100 per cent guest retentions.

This is the age of technological advancement and volcanic eruption of information. Easy and swift access to all kinds of information is no more a problem with the growth of internet, electronic and print media. Similarly, the time for development of new products and services and their introduction in the market has gone down drastically, and at times some of the products and services become obsolete within a very short span of time. Accordingly, organizations can no longer afford to remain inward looking and ignore the changes taking place in the market and in their competitors, if they intend to remain competitive. Benchmarking provides the behaviour model within every organization for acceptance of rapid change and continuous improvement as a way of life, not just as something unusual to help cope with difficult market conditions.

Finally, bear in mind that management's commitment is most vital for successful benchmarking, and creating a 'no-blame' culture in the organization. Most organizations fail or face anarchy due to absence of proper protocol for everything they do or where they leave things undefined thereby making themselves vulnerable to dispute and chaos.

The future of benchmarking is elusive. Every organization would continue to work towards improvement of its processes and accordingly benchmarking will go on. However, benchmarking excellence in the future will come about through more skilled people who are better trained; networked electronic data that can be easily compared; and more senior managers who recognize that world class quality can only be delivered through measuring processes rather than bottom line results.

You can become a benchmarking champion by familiarizing yourself with case histories, the hands on techniques and the process analysis tools.

THE ILLUSION OF PAPER MONEY

Muzammil Raza

There is no means of avoiding the final collapse of a boom brought about by credit expansion. The alternative is only whether the crisis should come sooner as the result of a voluntary abandonment of further credit expansion or later as a final and total catastrophe of the currency system involved.

Ludwig von Mises – Austrian Economist (1881- 1973)

Long ago, wealth was directly linked to physical resources and people received compensation for their labor in food and material goods. When money replaced barter, and especially when usury (charging interest to lend money) became moral and legal, the definition of “wealth” became blurry. The abstract concept of money has allowed people to become rich by depleting natural resources, marking up land prices, manipulating financial data, selling disposable goods, deliberately rendering products obsolete, pushing illegal drugs and exterminating species for body parts.

Money doesn't discriminate between ethical and





immoral activities, and many people don't care about the difference; the ones setting the prices in most cases. Even in the "legal" economy, millions of office workers are kept employed by money itself, not something physically tangible. The virtual (monetary) economy may grow indefinitely on paper but the real (physical) economy can only support a finite level of consumption. The problem with paper money is that governments can create unlimited amounts. This is what they have done throughout history and especially in the last 100 years which has led to the total destruction of most currencies.

In 1971 the United States, as part of the global Bretton Woods Agreement, ended the ability to convert dollars to silver or gold. The US dollar became the global substitute for gold and as part of that agreement countries were supposed to peg or fix their currency's exchange rate to the dollar. The dollar became the world's reserve currency. It took the role as the foundation of all the world's currencies because the US economy was the largest, most stable and the US government's economic/monetary policy was the most reliable.

The United States monetary authorities figured out how they were being taken to the cleaners so they, too, started printing dollars. However, the US printers ran much faster and through the 1980s the US had borrowed trillions from the world's financial institutions. Those currencies that were supposed to trade in a narrow band did not. The yen appreciated from 300 in 1971 to 120 in 1998, and the Deutsche mark from 3.67 to 1.67 because the dollars were being printed faster than those currencies. Most people don't even understand that their government makes their money worthless. Money printing gives them the illusion of being richer whilst all they have are pieces of paper with more zeros on them.

Inflation is a situation in which too much money has been printed and put into circulation. Simplify this a bit and imagine an economy in which there are a billion items for sale. If there are a billion dollars in circulation in that economy, the average cost of every item will be a dollar. If you suddenly increase the number of dollars in circulation to 2 billion but the number of items produced and offered for sale remains a billion (there is no increase in production to match the increase in circulating money), the average price of each item will increase to 2 dollars. The value, the spending power of your dollar would have been halved.

But there is one currency that governments can't print which is gold. Gold has been real money for almost 5,000 years and it is the only currency that has survived throughout history. Gold can't be printed and no government controls it. Therefore gold will, over time, always reveal governments' fraudulent actions in creating money out of thin air. And this is what we are experiencing currently. Gold is not going up. Instead gold is doing what it has always done, namely maintaining its value and purchasing power.

What we are seeing currently is the total annihilation of paper money whether it is dollars, pounds or euros etc. In the last 10 years the dollar has declined by 79% against gold. Most currencies have declined by similar percentages. So it is an illusion to believe that gold is going up when it is the value of paper money that is going down. All gold is doing is reflecting the virtually limitless printing of paper currencies. Since gold can't be printed, it is the only honest currency that exists. This is why many governments don't like gold increasing in value against their paper money since it exposes their total incompetence in running their country's economy.

It is commonplace among hard money advocates that the US dollar and all other fiat currencies are doomed to become worthless. History seems to be on their side. There is a long list of currencies based on nothing else than the say-so of a government that have indeed become worthless or near worthless. Perhaps the most often cited example is that of the mark during the great German hyperinflation. From the beginning of 1922 until the currency was replaced in November 1923 inflation was nearly 2 trillion percent. Such will be the end of fiat money. No system of fiat money has every survived and now, for the first time in history, all currencies of all countries are fiat. Fiat money inflation can be carried on only as long as the masses do not become aware of the fact that the government is committed to such a policy. Once the common man finds out that the quantity of circulating money will be increased more and more and that consequently its purchasing power will continually drop and prices will rise to ever higher peaks, he begins to realize that the money in his pocket is melting away.

The increasing need for two-income families and the worsening plight of the homeless indicate where we're heading with money as our guide. Huge national debts go far deeper than fiscal irresponsibility. The US Federal Reserve Bank can literally create money from thin air, based on payback forecasts of continued growth using all of the above tricks. The term "moral hazard" came to the fore during the huge 2008 financial institution bailouts, which just pushed underlying money-gluttony onto the US government's back.

*The bankers are bankrupt
Who would have thought
What once was so
Now is not*

*The guard is changing
The kingdom's exposed
Its coffer's empty
Its exit closed*

*Time is now moving
Towards an end unknown
May the Hand that guides us
Lead us home*

The rhythms of history move through both our individual and collective lives. If we cannot see any meaning, it does not mean there is none. It only means we are blind to what is.

Muzamml Raza

is Manager Assurance Ernst & Young Ford Rhodes Sidat Hyder

Retaining Quality People in Your Organization

Saima Batool & Mujahid Abbas

Losing talented, quality employees is not good for any organization. Not only does it mean finding their replacements and training them again, but also losing all the knowledge and understanding of the corporate culture which the departing employees take with them. While it is true that in today's environment no organization can realistically hope to retain an employee for twenty or thirty years, companies can still reasonably expect people to stay with them for a good five to six years if they follow the golden principles of Human Resource Management.

The goal must always be to keep your people as long as they fit within what your organization is trying to accomplish towards fulfillment of its objectives and charter, and as long as they add value. Every effort should be made to maximize the employee-employer relationship to achieve productivity. This should be from both sides. A good manager certainly doesn't want people leaving the organization because they become dissatisfied with the job. Similarly, productive employees would never like to leave the organization as long as they feel that their personal goals for career development and progress are well integrated with the organization's goals.

Many employers believe that people get seduced by the allure of larger companies, greater benefits, more pay, or a desk with a window. But those are rarely the reasons people choose to leave.

What really causes people to change jobs is when they don't understand where they fit in, and how their role impacts the organization's overall goals. They may feel like they do work that doesn't affect the company's success, or they don't develop mutually respectful and open relationships with their supervisors and managers. When employees start feeling this way, they start shopping around for other jobs. Unfortunately, many times people are swept away by another organization that promises all these things, but doesn't actually deliver them. Then the process begins again.

So how can you keep your quality employees for as long as possible? You must make their impact on the organization's success clear by building a corporate culture around the right mindset. The following process is used to refocus your organization so that your employees don't feel compelled to change jobs so frequently:

1. Lay the Foundation

The mindset you create in your organization will permeate everything you do. It will impact your strategies, the type of clients you go after, and the kind of people you hire. For example, many leaders focus frantically on fire drill type of tasks,

or the things that need to get done immediately. In the process, they allow the tasks that need to be planned and prepared for to go unattended and uncompleted. When the leaders operate in this rush, rather than in a cool-headed manner, they spread it throughout the entire organization.

Your actions and mannerisms reveal the mindset you maintain from day one. Even when you interview people, you communicate the corporate culture to them. So set your intrinsic values right away to avoid bringing in people with a work-here-a-year-and-leave mindset. Rather than just covering benefits, rules, and vacation time, the most important part of your orientation process needs to focus on your culture, how you work with one another, how you cooperate with one another, and what kind of clients you pursue. Spend less time on the rules and more on the way of thinking.

The foundation of every organization is the attitude of the people within it. Therefore, the senior managers and leaders of your company must create the right mindset for the entire staff. They must determine how the organization's goals are established and communicated, the importance of those goals, and the way the employees work with each other.

2. Strengthen the Structure

A strong organizational structure stems from strong focus. To strengthen your focus, set goals and objectives and then communicate them clearly throughout the organization. Limit your list to two or three realistic goals, rather than a laundry list of items. This focuses your employees on the most important things, rather than a cadre of different things. Then hire people who are open to changes, can focus on these goals, and can adhere to the culture you maintain. Many times people hire the skill set first and the attitude second, but it needs to be the other way around. You can teach skills, not attitude.

What about the people who have been in your organization for a few years and are already with the program but seem to be veering off course? If you're trying to change the organization's culture or make an impact on it because you're headed in a downward direction, then you need to communicate and work with everyone to show how things are changing.

Most important, communicate to your employees how they contribute to the new goals. What do the employees need to do to continue to grow with the company? What skills do they need? What attitude do they need to adopt? What personal investment do they need to make? How will the organization support that? While most organizations only cover these issues once a year,

you should communicate this at least twice every year to maximize effectiveness without it becoming a burden.

3. Add the Finishing Touch

Once you've created a mindset and strengthened the focus of your organization, you must maintain these elements by staying involved with your employees. The employees need to trust that honest conversations can occur. Talk to them about what you see for them in the future and ask how they want to accomplish that, not, "This is what you need to do; now go do it."

Also, go beyond business and the bottom line. Take an interest in what they do to be happy and healthy outside of work. Many organizations see that healthy, happy people have the right attitude at work.

Staying involved should filter down through all levels, from the executives to the senior managers, to the department directors to management. It shouldn't be a huge load for one single person. When you do this, you also instill responsibility in the lower supervisory levels which helps them become better managers. Trusting the lower levels to become involved also builds the mindset.

Keeping Your Employees through the Years

Even though you may be able to hire an equally skilled replacement for less money, the knowledge your organization loses when an employee leaves is extremely difficult to replace. While no one stays with the same company for their entire career anymore, you can expect to keep employees for a few years. But you need to make them

clear on how their job and responsibilities impact the company's success.

Start by creating a mindset in your organization and then develop goals that everyone can focus on. Let your employees know how they contribute to those goals and the organization's success.

Finally, stay involved with your employees and allow them to have open conversations with you to build relationships. When you follow these steps, you will create a corporate culture that inspires your employees to stay with your organization long into the future.



Saima Batool

lectures on management disciplines including Human Capital. Mujahid Abbas is an ICAP student.



ICAP Awards Gold Medals and Merit Cer- tificates



Keeping alive its tradition of honouring its most illustrious and bright students, the Institute of Chartered Accountants of Pakistan (ICAP) held the Gold Medals and Merit Certificates distribution ceremony on April 23 and 24, 2010 at ICAP House, Karachi for its Southern Region students.

Students who had achieved outstanding results in ICAP's examinations during the years 2008 and 2009 were awarded Gold Medals and Merit Certificates. Students who had successfully

completed the Chartered Accountants examinations during those years were presented Examination Passing Certificates.

Mr. Abdul Rahim Suriya, President ICAP, greeted the young members. He informed that credibility of ICAP and its members has been increasing worldwide due to high professional quality work delivered by ICAP members. He said the passing CA examinations is not a destination, in fact it is the beginning of a



new journey to continuously learn and excel in a challenging professional environment, he added. He emphasized young members to improve their communication and presentation skills to compete in the present era of communication and technology.

Mr. Pervez Muslim, Vice President South, lauded the efforts of the students and their parents for their well deserved academic success. He ruled out the impression that passing chartered accountancy is an impossible task. It needs strong commitment, consistent hard work and mental alertness to pass CA examinations, he said.

Senior Chartered Accountants Mr. Akbar G. Merchant and Mr. Majeed Uddin Khan were invited as Guests of Honour. Various Council and Regional Committee Members were also present.

Ms. Shumaila secured five gold medals while Mr. Badar, Ms. Anum Mohsin and Mr. Hassaan Hamid secured two gold medals each.



1. **Ms. Shumaila (4044733)**
Final Examination (Summer 2008)

*ICAP GOLD MEDAL (Dewan Mushtaq Group)
Advanced Accounting & Financial Reporting*

*J P PATEL MEMORIAL GOLD MEDAL
Management Accounting*

*BHIMJI GOLD MEDAL
Advanced Taxation*

*ICAP GOLD MEDAL (Adam Patel)
Module F Examinations*

*NBP GOLD MEDAL
Module E and F Examinations*

2. **Mr. Badar (4044766)**
Final Examination (Summer 2008)

*IRTIZA HUSAIN GOLD MEDAL
Corporate Laws*

*S A SALAM MEMORIAL GOLD MEDAL
Business Management*

3. **Mr. Saad Masood (4048467)**
Final Examination (Summer 2009)

*ICAP GOLD MEDAL (Dewan Mushtaq Group)
Advanced Accounting & Financial Reporting*

4. **Ms. Fehmina Jawed Siddiqui (4056622)**
Final Examination (Summer 2009)

*IRTIZA HUSAIN GOLD MEDAL
Corporate Laws*

5. **Ms. Anum Mohsin (4051908)**
Final Examination (Winter 2009)

*ICAP GOLD MEDAL (Dewan Mushtaq Group)
Advanced Accounting & Financial Reporting*

*S A SALAM MEMORIAL GOLD MEDAL
Business Management*

6. **Mr. Mohammad Khurram Jah (4051361)**
Final Examination (Winter 2009)

*IRTIZA HUSAIN GOLD MEDAL
Corporate Laws*

7. **Pirzada Masab Qasmi (4056308)**
Intermediate Examination (Autumn 2008)

*ICAP GOLD MEDAL (Ameena Khatib Foundation)
Financial Accounting*

8. **Mr. Hassaan Hamid (4057170)**
Intermediate Examination (Spring 2009)

*ICAP GOLD MEDAL (Ameena Khatib Foundation)
Financial Accounting
Intermediate Examination (Autumn 2009)*

*KASBATI MEMORIAL GOLD MEDAL
Module C and D*

9. **Syeda Mehruunnisa (4061770)**
Intermediate Examination (Autumn 2009)

*ICAP GOLD MEDAL (Ameena Khatib Foundation)
Financial Accounting*