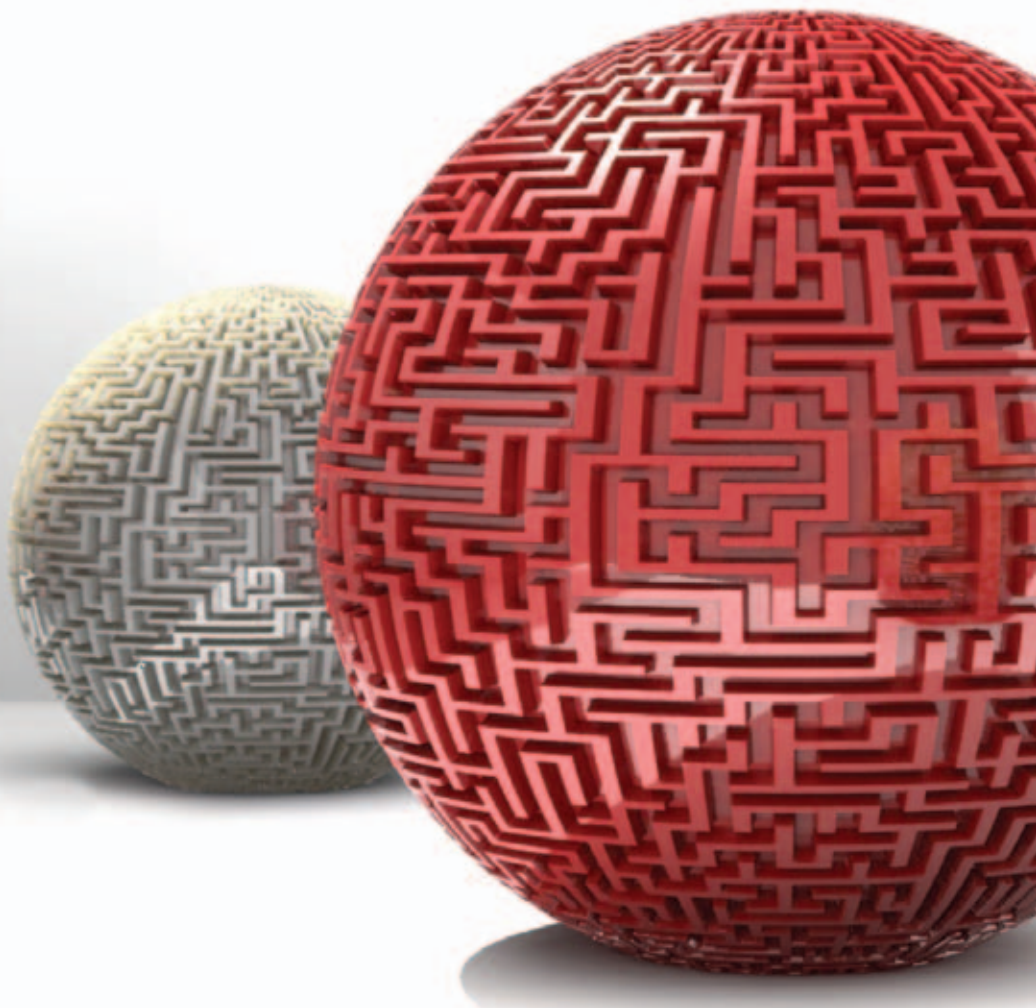


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THE PAKISTAN

Magazine of The Institute of Chartered Accountants of Pakistan

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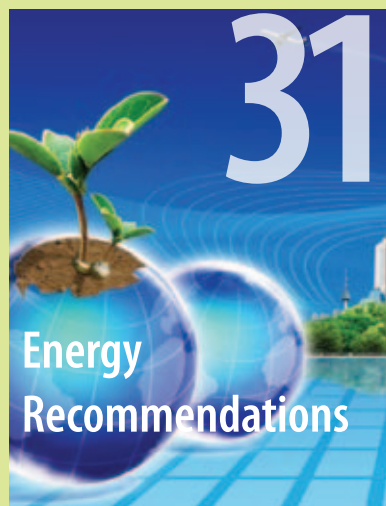
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Editor's Letter



The one major factor for the economic woes of Pakistan is the poor tax to GDP ratio. Though the direct and indirect taxes form the largest source of revenue receipts to the national exchequer, there is a need for the tax machinery to continuously strive to enhance the tax to GDP ratio and expand the tax base. However, both taxpayers and tax practitioners face legal and practical anomalies/problems in administration and implementation of direct and indirect tax laws, which not only create hassles for the taxpayers but also result in unnecessary litigation with the tax department.

The Institute of Chartered Accountants of Pakistan is committed to working in the national interest for building a thriving tax culture that will help Pakistan to achieve sustained growth. The Institute and its relevant committee have been constantly making efforts to identify areas where reforms are needed; to broaden the tax base, remove ambiguities, effective measures to curb tax evasion and to simplify the process for tax payers.

Despite the imposition of a relatively high corporate tax rate in Pakistan, the country's tax-to- GDP ratio is one of the lowest in the world and is one of the reasons that the government's revenue generation remains weak. Through the years the tax-to-GDP ratio in Pakistan and the consistent low tax collection have not improved enough to support and sustain the economic growth; however the root cause of this revenue shortfall is the exclusion of major segments of the economy from the tax base (agriculture, most services and real estate). One aspect to increase tax collection without increasing the burden of taxation on existing taxpayers is that the tax base is broadened. While the corporate sector in Pakistan is paying the highest rate of income tax in comparison to its counterparts in the region, the service and agriculture sectors' contribution is extremely low in comparison.

In order to the improve the current status and the system, what we need is an environment where compliance with tax laws comes naturally to the public, however for that to be possible, there is a dire need for radical and innovative steps through policy & administrative reforms, simplification of rules & procedures to facilitate the tax payers for voluntary compliance and bringing in the tax-net the sectors of the economy which are currently not taxed. In addition to all above, another important factor is to establish a stronger bond of public trust for the system.

It is essential that we adopt the do more approach for the collection of tax, rather than levying higher taxes, it is very important that the procedures and the laws are made user friendly and easily understood by the public. For this the institutes' technical committees remain committed one hand to improve the general understanding of the existing laws through their various publications and participation in forums and on the other by their engagement with the revenue authorities constantly striving for the simplification of laws and procedures and removal of anomalies and irritants.

Adnan Zaman, FCA

President's Page



Tax and tax laws are a topic that often sparks endless debates, in addition to its extremely tainted reputation from the dark tales of corruption.

The coming months draw a tough picture for us as a nation; sincere timely and strong measures are needed to combat the rising inflation, energy shortfalls, production, tax evasion and fraud. Unfortunately, we still haven't been able to step into the double digits with our tax -to GDP ratio, while our corporate sector bears most of the burden of the tax, the service and agriculture sectors' contribution to the national exchequer remains extremely low whereas the salaried individuals feel squelched by the tax burden.

It is a common public perception that the proliferation of taxes and tax collecting agencies provide a fertile ground for corruption, nevertheless it is certainly not the root of all evils, rather an indication of the real problem. It is said that the solution of lies within the problem itself, the challenge is just to find it! Similarly the problem lies not just in the system for instance, one avenue of corruption - is the incessant exemptions and anomalies in the tax laws.

There are significant grey areas in the income tax regime which cause avoidable litigation, delay and distraction to the industry. These ambiguities need to be clarified and resolved. In order to surpass the national challenges we need to create a user friendly tax system, with reduced complexities and strengthen the tax payer's trust. It is high time that we carry out our obligations to the society and to the nation.

Being the sole regulator of the profession in the country the Institute of Chartered Accountants of Pakistan is committed to working in the national interest for building a prosperous tax culture that will help Pakistan to achieve sustained growth. The institute through its various committees has been a consistent advisor to the government in matters of economic policies, budgets and tax proposals. The Economic Advisory Committee includes a panel of non-governmental experts from business works on the current economic crisis and possible responses to it and forwards its report to SECP and SBP. Also the Taxation Committee reviews existing tax legislations to submit representations for new legislation or to revise existing legislation and participates in creating a pro-active awareness of tax developments as well as sending the budget proposals to the Federal Board of Revenue. The Institute through its proposals highlights the need of tax reforms, including suggestions to simplify the law and remove ambiguities in the laws, broaden of tax base and effective measures for tax evasion.

Rashid Rahman Mir, FCA

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Beyond Strict Construction of Fiscal Laws

■ Qaisar Mufti, FCMA

Laws: Means of Raising Revenue

Taxation, traditionally taken as a means of raising revenue, is no longer considered to be just a tool for extracting money from the subjects. With the concept of 'state' and the functions it must perform having undergone a change, governmental interaction in economic and social matters is always presumed. Governments are supposed to provide to the public: food, health, education, infra-structure, security – financial and otherwise as also policies for reducing inequalities and creating harmony between different segments of the populace. Since resources to undertake these activities are drawn from money generated through taxes, governmental taxation is now an instrument of steering the economy. This has culminated into development of complex laws and regulations. Although, many general principles of interpretation of statutes apply to taxing statutes, principles specific to taxation statutes rein.

Strict Construction

Fiscal statutes or tax laws impose a burden or restrict enjoyment of property. These are neither remedial laws, nor with foundation on any permanent public policy. These are shaped in the backdrop of ideology and economic policy of the ruling junta.

Fundamental principle for interpretation of tax laws is the principle of strict construction. Tax laws have to be strictly construed. What is written is to be acted upon. This is in contrast with beneficial or remedial legislations e.g. civil, criminal and labour laws, service matters or the constitution where liberal interpretation is a virtue. The plea that liberal construction advances cause of justice is not adopted in relation to tax laws.

Tax and equity are strangers. One can not go by the notion as to what is just and expedient, notwithstanding the extravagant consequences which flow from giving the words their natural meaning: *"If an assessee gets an advantage which the legislature may not have intended, but which he is entitled to on the construction of the statute, the Court should not deprive him of that advantage."* – 'Interpretation of Statutes (Eight Edition) by N. S. Bindra.

Charging Section

Charging event is the point that immediately attracts a tax. Charging section pin points the tax event and states basis of tax and the rate.

Charging section of a taxing statute has to be construed very strictly. One could not be taxed if he could not be brought within the ambit of charging section of the

statute by clear words. Rowalt J. in Cape Brady Syndicate vs. IRC (1921) 1 KB64 ruled:

"In a taxing statute one has to look merely at what is clearly said. There is no room for any intendment. There is no equity about a tax. There is no presumption as to a tax. Nothing is to be read in, nothing to be implied. One can only look fairly at the language used." - Markandey Katju in Interpretation of Taxing Statutes

One is to be let free if mischief of the words in law does not get him. In Avari Hotel Ltd. vs. Collector of Sales Tax and Others, (2001) 83 TAX 124 (H.C. Lah.), Writ Petition No. 8154 of 1999, Justice Nasim Sikandar of the Lahore High Court, ruled:



"The rules of interpretation of fiscal statute are by now very well known. These are that only words of the statute should be looked into 1977 SCMR 371 re: Collector of Customs (Appraisement), Karachi and others v. Messrs Abdul Majeed Khan and others; that a levy can only be made by express and exact words 1971 SCMR 128 re: Hijvari & Co. v. Commissioner of Sales that a person must be taxed only if he comes within the letter of law otherwise he is free even though his case falls within the spirit of law. AIR 1931 Lahore 572 re: Hira Chand v. Emperor that in fiscal statutes only the letter of law is to be looked into and that there is no room for any intendment, equity or presumption 1989 PTD 909 re: Commissioner of Agricultural Income-tax, East Bengal v. B.W.M. Abdul Rehman; that such like statutes should be strictly construed as for liability to tax is concerned (PLD 1961 SC 119) re: Nawabzada M. Amir Khan v. Controller of Estate Duty; that the language of

a taxing statute should not be stretched to hold subject liable to tax (AIR 1940 PC 183) re: Bank of Chettinad Ltd. v. CIT, Madras; that where two equally reasonable interpretations are possible strict and other liberal then the one favourable to the subject should be adopted (PLD 1961 SC 375) re: CIT, East Pakistan v. Hussain Qassim Dada. To epitomize all of them, in fiscal statute every word must be construed in the perspective it has been used, that nothing should be considered as superfluous, or surplusage. Also that subject should be allowed to escape the incidence of taxation if he cannot be brought within the four corners of words of law."

It has been reiteration of the principle narrated by Lord Caims:

"Lord Caims in Partington v. Attorney General ruled: "As I understand the principle of all fiscal legislation, it is this: if the person sought to be taxed comes within the letter of the law, he must be taxed, however, great the hardship may appear to the judicial mind to be. On the other hand, if the Crown, seeking to recover the tax, cannot bring the subject within the letter of the law, the subject is free, however, apparently within the spirit of the law the case might otherwise appear to be. In other words, if there be admissible, in any statute, what is called an equitable construction, certainly such a construction is not admissible in a taxing statute, where you can simply adhere to the words of the statute."

"In construing a taxing statute one has to look merely at what is clearly said. There is no equity about a tax. There is no room for any intendment. There is no presumption as to a tax. Nothing is to be read in and nothing is to be implied. One can only look fairly at the language used. In a case of reasonable doubt, that construction which is more beneficial to the subject should be adopted. There is no equity about a tax." - N. S. Bindra's 'Interpretation of Statutes (Eighth Edition).

Liability to pay a tax arises by virtue of the charging section alone. There is no cavil with the proposition that the charging provision of a fiscal law is to be strictly construed and applied. It is also settled law that no tax can be imposed, levied and recovered beyond the scope, ambit and the parameters of charging provision of a fiscal statute. While interpreting a taxing statute to be looked at would be words of the statute and their interpretation in the light of what is clearly expressed. It can not imply anything which is not expressed. It cannot import provisions in the statute to support deficiency.

Where the legislature could have expressly specified as regards the charging of tax but has chosen not to specify must not be read into text of the statute by way of intendment so as to expand or circumvent scope of the charging provisions.

In *Partington v. Attorney General Lord Cairns* also observed:

"A taxing statute, if it provides to impose a charge, its intention must be expressed in clear, unequivocal and unambiguous language. The Court has to look at the language couched. Hunt into intention to find a charge is impermissible." - N. S. Bindra's 'Interpretation of Statutes (Eighth Edition).

The general rule of interpretation that words can be supplied where there are adequate grounds to justify the interference, when the legislation intended something which it omitted to express, do not stick to tax laws. It is corollary to the literal rule of interpretation that omission in tax laws are not to be inferred. Should there be any defect or omission in the language employed by the legislature, to make good the deficiency is not for the Court or any one else, other than the law makers. Because it would be taking on the role of the legislature.

"To read into the section words limiting its operation would be to usurp the functions of the legislature which is not within the competence of the high court or any other court to do. Courts cannot read into statutes provisions which are not there, even if they think that anomalies are not to be avoided otherwise." - 'N S Bindra's Interpretation of Statutes' (10th Edition).

Legal Fiction

Fiction or a legal fiction is an assumption or supposition made by express words of law that something which is or may be false is true or that a state of facts exists which has never been there. It is an assumption of a fact that does not or may not exist. It is a rule of law which assumes true something which is false, but not impossible. Fictions arise from the law and not law from fictions.

Fictions are those things that have no real existence, in their own body. These are inserted in law for a special purpose, each fiction for a specified purpose.

"An assumption or supposition of law that something which is or may be false is true, or that a state of facts exists which has never really taken place. An assumption, for purposes of justice, of a fact that does not or may not exist. A rule of law which assumes as true, and will not allow to be disproved, something which is false, but not impossible. Ryan v. Motor Credit Co., 30 N.J.Eq. 531, 23 A.2d 607, 621.

These assumptions are of an innocent or even beneficial character, and are made for the advancement of the ends of justice. They secure this end chiefly by the extension of procedure from cases to which it is applicable to other cases to which it is not strictly applicable, the ground of inapplicability being some difference of an immaterial character.

Estoppels distinguished. *Fictions are to be distinguished from estoppels; an estoppel being the rule by which a person is precluded from asserting a fact by previous conduct inconsistent therewith on his own part or the part of those under whom he claims, or by an adjudication upon his rights which he cannot be allowed to question.*

Presumptions distinguished. *Fictions are to be distinguished from presumptions of law. By the former, something known to be false or unreal is assumed as true; by the latter, an inference is set-up, which may be and probably is true, but which, at any rate, the law will not permit to be controverted. It may also be said that a presumption is a rule of law prescribed for the purpose of getting at a certain conclusion, though arbitrary, where the subject is intrinsically liable to doubt from the remoteness, discrepancy, or actual defect of proofs."* - Black's Law Dictionary (Sixth Edition).

Legislature can introduce a statutory fiction and Courts have to proceed on the assumption that such state of affairs existed on the relevant date. Because one is bidden to treat an imaginary state of affairs as real. He has to also imagine as real the consequences which shall flow from it unless prohibited by some other statutory provision. Although in the fold of 'fiction', for the sake of present discussion, not being considered fictions are 'provisos' and 'deems' in tax statutes. These are being dealt with in this paper independently.

Fictions are there as independent wholesome laws, normally created through insertion of a section or sub-section in the relevant Act or Ordinance. These are strangers, even opposed, to the concept and otherwise scheming of the statutes they get into.

Proviso and deeming provisions are by way of parenthesis, adjuncts, auxiliaries etc. to sections & sub-sections to which these are appended. The relevant sections and sub-sections are in keeping or harmonious with other provisions of the statute.

Limited Role of Legal Fiction

Fiction in the realm of law has a defined role to play. It cannot be stretched to a point where it loses the very purpose for which it is created. In no case it is allowed to perpetrate injustice. This view is supported by the weighty words expressed in *United States v. Bags of Coffee*, (1814) 8 Cranch (US) 398 at 415 : 3 Law Ed 602, wherein Story, J. observes :

"Legal fiction" seems to be a rule founded in common sense, as well as strict justice that 'fiction of law' shall not be permitted to work any wrong, but shall be used ut res magis quam parent." *Brijnandan Sindh v. Jamuna Prasad. AIR 1958 Pat 589 at 595 : ILR 37 (1958) Pat 339 : 1958 BLJ 122."*

Legal fiction signifies any assumption which conceals or affects to conceal the fact that a rule of law has undergone alteration. *"A legal fiction has to be strictly confined to the area in which it operates. The legal fiction must be limited to the purposes indicated by the context and can not be given a larger effect. The context is vital. It should be carried to its logical conclusion"*. (Rahas Bihari Das vs. State AIR 1995. Ori 23 at 30).

"A legal fiction presupposes the correctness of the state of facts on which it is based."

All the consequences which flow from that state of facts have to be worked out to their logical extent. If the purpose of legal fiction is for a specified purpose, one can not travel beyond the scope of that purpose". (Bengal Immunity Co. vs. State of Bihar AIR 1955 SC 661, 709.

The fiction is created for a limited purpose. It is woven in texts of the tax laws to tax something which would be un-taxed in the absence of the relevant fiction. Fiction arises from the law – not law from fiction. It is not allowed to travel beyond the purpose for which it is created. It can not be extended by importing another fiction. Thus delegated legislation emanating from such fiction in a section of the statute is not to be seen. Albeit there are instances in tax laws of putting in place subordinate legislations on the basis of legal fictions. The principle is well-established that when the law creates a legal fiction, such fiction should be carried to its logical end. There should not be any hesitation in giving full effect to that principle. If the power to tax a sale in an ordinary sense is subject to certain legal conditions and restrictions, the power to tax a transaction which is deemed to be a sale should also be subject to the same conditions and restrictions.

A legal fiction can not be widened through rules made under such fiction. *"..... a legal fiction created in a State Act by borrowing definition from a Central Act in the concurrent list will be restricted for purposes of the State Act and will not have the effect of widening the definition in the Central Act unless that definition is properly amended with due compliance with Article-254 of the Constitution"*, so held the Indian Supreme Court in State of Maharashtra vs. Laljit Rajshi Shah (AIR 2000 SC 937). (Referred by Justice G.P. Singh in *"Principles of Statutory Interpretation"* (12th Edition). The Supreme Court of Pakistan, in Elahi Cotton Mills Ltd. vs. Federation of Pakistan (PLD 1997 SC 582), held:

"Legal fictions are limited for definite purpose, they can not be extended beyond the purpose for which they are created."

What follows are some examples of fiction in certain tax laws. This is not a list of fictions in these legislations.

Examples of Fiction in Tax Laws

1. Federal Excise Act-2005 (Act)

Section 7 of the Act provides that excise duty shall be payable in sales tax mode and proceeds to provide details of applicability of sales tax laws to cases covered by section 7. This would mean taking out issues with reference to goods covered by section 7, including levy of excise duty, outside the fold of Excise Act. Because this seeks to invoke covenants of some other law, it is a departure from well laid down norms of applicability or functioning of the statutes. However, this may not be invalid as the law provision would be taken as a fiction in a tax law.

The above would hold true also in case of section 15 of the Act titled: 'Application of the Customs Act, 1969 (IV of 1969) to Federal Excise Duties'.

2. Sales Tax Act-1990 (Act)

- (1) Definition of 'supply' given in the Act also covers "purposes other than those of making a taxable supply" and "possession of taxable goods", with powers vesting in the Federal Government to specify other transactions which shall constitute supply. Leaving the controversy whether this can stand the test of judicial scrutiny, it can be surmised that what is cited herein regarding extension of the scope of tax is fiction provided in the Act.

The Sindh High Court, Karachi, in the case of Usmani Associates Sub-proprietary Firm vs. Central Board of Revenue and Others, (2001) 84 Tax 348 (H.C. Kar.), decided on 22-03-2001, has held:

"Although, expression "taxable supplies" instead of "sales" has been employed in the charging section, which seems to have wider connotation than term "sales" used in the preamble and in item No. 49 of the Federal Legislative List but in my humble opinion, the scope of the expression shall have to be restricted only to such transactions as may amount to sale. Any extended meaning would render the provision extra-constitutional."

- (2) Section 8 cites following cases in which input tax adjustment on goods and services for purposes of taxable supplies made or to be made is denied:
 - (i) Any goods or services which the Federal Government may specify, by a notification in the official gazette.
 - (ii) The goods under sub-section (5) of section 3 of the Act.
 - (iii) The goods or services in respect of which sales tax has not been deposited in the Government treasury by the

respective supplier;

- (iv) Fake invoices.
- (v) Purchases made by a registered person in case he fails to furnish the information required by FBR through a notification issued under sub-section (5) of section 26.

But for the denial of adjustment of input tax as such in keeping with scheming of the things, input tax adjustment would be admissible. This scribe would accordingly include the above (i) to (v) into legal fiction.

Since the jurists hold that a fiction can not be extended e.g. it can not be the basis of further legislation, question would remain whether denial of input tax adjustment, by virtue of power acquired through an SRO viz. SRO # 490(I)/2004 dated 12-06-2001 or any such delegated legislation would be in order.

- (3) The substantive law leaves a supplier free to sell his goods – at his price – even at a loss, if that be so. Thus, in keeping with genes and general scheming of the Act, sub-section (46) of section 2 provides that ‘value of a taxable supply means the consideration in money which a supplier receives from the recipient for that supply’, with the rider that the Inland Revenue can probe into the declared value of supply.

The subject intrusion allowed to the Inland Revenue, being foreign to genius of the statute, is a fiction under the Act.

- (4) Under section 7A of the Act titled: “Levy and collection of tax on specified goods on value addition”, government has assumed powers to ‘specify the minimum value addition required to be declared by a registered person in relation to the identified supplies’ and supplies by certain registered persons. This provision is in repugnance or negation to the philosophy and entire scheme of the sales tax law which relies ‘transaction value’ for operation of the statute.

It stays on the book of the statute because of the leeway the legislature enjoys in the matter of framing taxation laws. Although with unidentified genes, section 7A of the Act is taken for a valid law because of its advent on the fiscal statute’s book by way of a legal fiction.

- (5) To comply with section 3(2)(a) of the Act, retail prices, which form basis for computation of tax liability in relation to goods detailed in Third Schedule of the Act, are to be taken as transaction values in disregard of ground realities. Winking at transaction values is fiction played.

Compounding play of fiction on this counter is that value addition by wholesalers, retailers and other persons in the supply chain of goods listed in the Third Schedule is ignored because total amount of tax applicable (on the basis of retail price) had been paid at the earlier stage of supply of the goods. Totally lost sight of is the fact that sales tax is transaction specific, not goods specific. When we say that the maximum amount of tax that could accrue i.e. tax applicable at the retail stage was paid at an earlier stage, we negate the foundation of sales tax laws philosophy according to which sales tax levy has to be transaction oriented and every supplier is liable to tax, minus or plus – whatever. He is entitled to refund of tax if his tax liability is negative.



The fundamental principle of levy of sales tax on “value of taxable supplies and goods imported” enshrined in the charging section can not be dethroned. Acceding over-ruling of the cardinal principle that attraction of sales tax on taxable supplies at each stage of supply is on the basis of treating section 3(2)(a) as a legal fiction. To treat goods identified by the Third Schedule as goods attracting a one time tax levy could be the other fiction in this chain.

3. Customs Act, 1969 (Act)

Section 25 of the Customs Act is titled: “Transaction Value”. Clause (c) of sub-section (2) whereof reads:

“there shall also be added to such price the value, apportioned as appropriate, of the following goods and services where supplied directly or indirectly by the importer or his related person free of charge or at reduced cost, for use in connection with the production and sale or for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable:

- (i) *materials, components, parts and similar items incorporated in the imported goods;*
- (ii) *tools, dies, moulds and similar items used in the production of the imported goods;*
- (iii) *materials consumed in the production of the imported goods; and*
- (iv) *engineering, development, artwork, designwork, and plans and sketches undertaken elsewhere than in Pakistan and necessary for the production of the imported goods."*

"Price actually payable for the goods by the buyer" is sought to be added to price to find out the value. Whereas according to normal rules of the game it is only the cost actually incurred which can be added. Inclusion of no cost in the value or padding value of supplies for the purpose of generating additional duty is not in the ball game. The above words in section 25 are by way of a legal fiction.

Fiction imbibed in the sub-section is also in terms of the strong words "apportioned as appropriate" and "where supplied directly or indirectly by the importer or his related person free of charge or at reduced cost".

4. Income Tax Ordinance – 2001 (Ordinance)

- (1) Sub-section (1) of section 16 of the Income Tax Ordinance, 2001, reads:

"Where the owner of a building receives from a tenant an amount which is not adjustable against the rent payable by the tenant, the amount shall be treated as rent chargeable to tax under the head 'Income from Property' in the tax year in which it was received and the following nine tax years in equal proportion."

This is a fiction created by law which makes a liability of the property owner subject to payment of income tax. To provide for deposit of a given number of months' rent or a block amount otherwise is a normal feature of rent agreements. Lessee deposits the amount with the lessor. Money deposited stays with lessor during subsistence of the rental agreement. On termination of lease etc., the amount is repaid to the depositor i.e. to the lessee. Of course parties to a rental lease are free to strike any other arrangement they deem fit e.g. the lessor may choose to divest the deposit during running of the lease. Real position is that so long as the amount remains with lessor it is landlord or lessor's liability and asset of lessee – by way of his claim against the landlord.

- (2) Money received by an employee:

"on termination of employment, whether paid voluntarily or under an agreement, including any

compensation for redundancy or loss of employment and golden handshake payments;"

is treated as income under the head salary. The law so provides, despite the fact that the subject amount is compensation, in lieu of cessation of employment. It is not income in normal parlance.

This fiction is created by virtue of sub-section (6) of section 12 of the Income tax Ordinance.

Proviso to a Section or Sub-section of the Fiscal Law

Use of Proviso

A proviso creates an exception to the main provision. It is not independent. It has to be construed strictly in the context of a section or sub-section of the Act to which it relates. It can not travel beyond scope of the section to which is appended. Proviso being carriers of exception to the main laws are legal fictions. They are fictions carriers because they enable travel beyond stated law of the relevant section.

What follows are some examples of proviso by way of fiction in some fiscal laws. This is not a list of proviso as such.

1. Federal Excise Act-2005 (Act)

- (1) Proviso after sub-section (5) of section 12 of Federal Excise Act titled: "Determination of value for the purpose of duty" seeks to provide a higher base for levy of excise duty than what would be the position in case it is calculated on the price of goods prescribed as minimum price by the FBR. The proviso reads:

"Provided that, where the price at which the goods or class of goods are sold, is higher than the price fixed by the Board, the duty shall, unless otherwise directed by the Board, be levied and collected at such higher price."

- (2) *"Provided that if a registered person wishes to deposit the amount of duty not paid, short paid or amount of duty evaded along with default surcharge during or after the audit but before the determination of liability under sub-section (2A), he may deposit such amount along with twenty five percent of the amount of penalty prescribed under this Act or the rules made thereunder and in such case, further proceedings in the case shall abate."*

The above proviso succeeds sub-section (3) of section 46, titled: "Departmental Audit". The sub-section stipulates that no penalty is to be recovered if the money demanded under Federal Excise

Act together with default surcharge is voluntarily paid before commencement of the audit. By way of the provision being cited, the facility under sub-section (3) *ibid* is being partially extended. The proviso says that in case the cited amount is deposited in the governmental treasury with 25% of the amount of penalty accruing, during or after the audit process, but before an order under section 14 is passed, the assessee can have his way.

2. Sales Tax Act-1990 (Act)

- (1) The following proviso after section 2(33) of the Act enlarges the definition of supply. By adding to the list of supply what is not a supply, it seeks to extend the tax base and thus raise revenue of the Government:

"Provided that the Federal Government, may by notification in the official Gazette, specify such other transactions which shall or shall not constitute supply;"

This provision is a fiction limited to section 2(33) of the Sales Tax Act to which it is appended in as much as it aims at striking down actual supplies from the list of supplies. Simultaneously, it proceeds to treat transactions as supplies which are not in the nature of supply.

- (2) The following proviso after section 2(46)(g) of the Sales Tax Act empowers the FBR to disregard the transaction values and in place lay down the Board's values for purposes of payment of tax, obviously with object of extraction of higher amount of tax:

"Provided that, where the Board deems it necessary it may, by notification in the official Gazette, fix the value of any imported goods or taxable supplies or class of supplies and for that purpose fix different values for different classes or description of same type of imported goods or supplies;"

Replacement of transaction values by non-existent values is a fiction created by the provision.

The second proviso, succeeding the above proviso of section 2(46)(g) of the Act, enables FBR to levy tax on the basis of actual value of import or supply in case such value is higher than the value fixed by FBR. The second provision can not be categorized as a fiction.

3. Customs Act, 1969 (Act)

- (1) Section 18A of the Customs Act empowers the Federal Government to levy a special customs duty on some of the goods specified in the First

Schedule. This section has two provisions. First of which provides levy of a special customs duty on importation of goods of the same kind.

The second proviso reads:

"Provided further that, for the purposes of the Sales Tax Act 1990 (VII of 1990), the special customs duty shall not constitute a part of the value of supply."

It is highly interesting that this (second) provision seeks to lay down guideline with reference to 'value of supply' under the Sales Tax Act.

The law gurus would hold the above totally invalid and ineffective.

No one appears to have challenged the above law fiction in a superior court, probably because it does not adversely affect interest of importers operating under the Sales Tax Act.

- (2) Caption of section 30 of the Customs Act is: 'Date of determination of rate of import duty'. The law reads as follows:

"The rate of duty applicable to any imported goods shall be the rate of duty in force;

- (a) in the case of goods cleared for home consumption under section 79, on the date on which a bill of entry or goods declaration is manifested under that section; and
- (b) in the case of goods cleared from a warehouse under section 104, on the date on which a bill of entry or goods declaration for clearance of such goods is manifested under that section."

Purpose of the word "deem" in a fiscal law is to convey a different image from what it is in reality. Through the word 'deem' or the words 'registered as being', it is providing a provision for the purpose of assuming existence of a non-existent fact

By way of legal fiction, this section of the Customs Act has following five provisos:

"Provided that, where a bill of entry or goods declaration has been manifested in advance of the arrival of the conveyance by which the goods have been imported, the relevant date for the purposes of this section shall be the date on which the manifest of the conveyance is delivered at the port of first entry.

Provided further that, in respect of goods for the clearance of which a bill of entry or goods declaration for clearance has been manifested under section 104, and the duty is not paid within seven days of the bill of entry or goods declaration being manifested, the rate of duty applicable shall be the rate of duty on the date on which the duty is actually paid.

Provided further that in case of the goods illegally removed from the warehouse, the rate of duty shall be the rate prevalent either on the date of in-bonding or detection of case or date of payment of the duty and taxes, whichever is higher.

Provided further that in case of exercising option for redemption of fine in lieu of confiscation of the goods seized during anti-smuggling operations, the rate of duty shall be the rate prevalent either on the date of seizure or date of payment of duty and taxes, whichever is higher.

Provided further that the Federal Government may, by notification in the official Gazette, for any goods or class of goods, specify any other date for the determination of rate of duty.

Explanation:- For the purpose of this section "manifested" means that when a machine number is allocated to bill of entry or goods declaration and is registered in Customs record."

The first four of these provide dates for levy of duty different from the dates otherwise laid down by the law under (a) & (b) of section 30.

Under the fifth proviso, the Federal Government has power to specify "any other date for determination of rate of duty".

Usage of the Word "Deem" for Creating a Fiction

"Deem" is defined by Black's Law Dictionary in the following terms:

"To hold, consider; adjudge; believe; condemn; determine; treat as if, construe."

It means 'supposed', 'considered', 'construed', 'thought', 'taken to be' or 'presumed'.

Purpose of the word "deem" in a fiscal law is to convey a different image from what it is in reality. Through the word 'deem' or the words 'registered as being', it is providing a provision for the purpose of assuming existence of a non-existent fact.

The word "deem" is used to change meaning of a specific sense or expression. It is analogous to induction of a legal fiction, which creates a scenario in contrast with what the law otherwise is. Deeming provisions harbor the word "deem" to endorse a scenario in opposition with the reality. An example of this is: 'Valuable retrieved from one's field, a treasure, is deemed to be public property within the Public Accountability Act.' This statement is a legal fiction. The legal fiction has been rendered with the word "deemed". There is nothing fictitious about the outcome of this provision. This is a policy statement about public ownership of a treasure unearthed. The pronouncement is opposed to common belief that all that a field has or can turn out belongs to owner of that field, is his property.

Although usage of the words 'deem' or 'regarded as being' is for creation of a legal fiction or to impose, for the purpose of a statute, an artificial construction of a word or phrase or belief that would not otherwise prevail.

At times, the word 'deem' is used to give a comprehensive description that includes what is oblivious, what is uncertain or what is in the ordinary sense impossible. It is used to provide acceptance of a theory, idea, prophesy, finding, conclusion or conviction. Accordingly, it normally goes with a legal provision, rule, regulation etc., more particularly with a section or sub-section or rule of a law in contrast with the law. Its use is not traced in relation with a law in toto or a topic or title in law. It is referred as a form of fiction, whereas a (full) fiction normally has its advent by way of a section, sub-section or a specific provision of law. Fiction as such does not rely for its being on words like 'deem' or 'regarded as being' or a proviso.

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An Alternative of SRO 821(I)/2011

Tax Swap for Undocumented Sectors

■ Adnan Mufti, FCA

I saw participants started walking out of the seminar hall as soon as a senior tax official took the floor and began to dilate upon ancient and decades old tales of 'on-going' tax reforms and never ending agonies for low tax to GDP ratio, undocumented economy, expansion of tax base, etc. Of course, I could not disagree that we regularly hear such notions at public forums; yet, admittedly the Government has not drawn its medium to long term policy to put in place a fair, equitable and progressive tax policy in the country. So, reluctantly, I followed suit!

We understand collection of due tax is a gigantic task in this country where parallel economy is considered to be as much as 8-10 times higher than the documented sector. However, a wired truth is that the Government remains the single largest obstacle in promoting the untaxed wealth flow in the economy. A classic example of such 'facilitation' is existence of tax avoidance provisions in tax laws, e.g., Section 111 of Income Tax Ordinance 2001. Further, all attempts made by the tax machinery to widen the tax net have remained half hearted and half baked with corresponding vacuum being made available to certain sectors / classes of businesses to have an easy exit from such measures. An example of such ill planned and unwilling move was issuance of SRO 821(I)/2011 dated 6 September 2011 whereby the Federal Board of Revenue (the Board) had made it mandatory for all registered

manufacturers, importers and exporters selling taxable or dutiable goods to unregistered persons to issue invoice containing "Computerized National Identity Card No. or National Tax Number" of their unregistered buyers.

In principle, this scribe backs the government move as it is aimed in tapping the unregistered sectors in tax net. However, again such an effort was not an equitable proposition for all businesses across the board for the reason that condition for disclosing buyer's CNIC / NTN was not mandatory for distributor, middlemen, wholesaler and retailer – most of whom are classified as tax evaders in terms of both direct and indirect taxes. SRO 821 was strongly opposed by almost all the sector of the industry who termed the move as completely impractical and unrealistic on the pretext that unregistered buyers either refuse to share their NTN/ CNIC or switch to some other unregistered seller who does not ask for such details from his customers. Thus, the above conditionality met with the same fate as that of identical scheme introduced in Year 2009.

Fenced with rampant corruption, inefficiency, incapacity, political interferences and above all - lack of direction, the Board again considered the industry hue and cry and offered specific exemption to the industry by suspending implementation of SRO 821(I)/2011 to the most powerful

sugar sector. We are mindful that undocumented middlemen / distributor in sugar industry has seized millions of rupees from the Government in the form of income tax and sales tax besides causing irreparable loss to the end consumer. Nevertheless, the former FBR Chairman Salman Siddique defended such decision before the Senate Standing Committee on Finance by agreeing that such an exemption was a 'temporary arrangement'. According to Board's ruling issued in this regard, the implementation of SRO 821(I)/2011 was suspended to sugar sector until the finalization of the discussion between the Board and Pakistan Sugar Mills Association (PSMA). Later on, upon agitation by other quarters who felt aggrieved for being singled out from concessionary list, the Board issued another ruling whereby the operation of SRO 821(I)/2011 was suspended across the board till 31 December 2011.

If we analyse both such directives issued by the Board on legal touchstone, we understand both of them are in field and appear to be overlapping vis.a.vis implementation of SRO 821(I)/2011 upon sugar sector. While on one hand, w.e.f. 01 January 2012 the Board had made it mandatory for all taxpayers to observe compliance with the requirement of NTN / CNIC; however, on the other hand, the sugar specific ruling has not been rescinded / superseded by the tax authorities. Due to this, it appears as if the sugar sector will continue to enjoy immunity from disclosing their buyers' NTN / CNIC, while all other business segments will be bound by the requirements of SRO 821(I)/2011 w.e.f. 01 January 2012.

By swapping such condition with withholding tax, the Government will not only increase its revenue but will also compel the unregistered sector to come in the tax net

It has also been given to understand that necessary changes are in the offing in the electronic filing system to restrain non compliant taxpayers' from reporting sales made to unregistered without disclosing buyer's NTN or CNIC. The proposed measures suggest that FBR's electronic system will block sales tax and federal excise returns from January 2012 onwards of all those registered manufacturers, importers and exporters who fail to disclose their computerised national identity card numbers or national tax numbers of unregistered buyers.

Despite all the planned procedures, this scribe strongly believes that they are likely not to deliver the goods for few key reasons. Firstly, as long as the law provides refugee to certain classes of businesses from making



compliance with the requirements of SRO 821, the door shall remain open for 'tax planning'. Secondly, the law cannot put the onus of collecting buyer's CNIC / NTN solely upon the seller of the goods. Where on one place, in the current anti business climate in the country, most of the buyers would refuse to oblige such a request; on the other hand, it is also unlikely that they provide their correct particulars to the seller. Resultantly, this exercise can, at best, end up in issuance of notices by tax department to such persons who actually did not indulge in any buying but whose CNIC / NTN was misused by unscrupulous elements. At a recent TV talk show, the Member, Inland Revenue FBR agreed with this scribe that chances of misuse of CNIC / NTN exists if the tax machinery goes ahead with its plan to implement SRO 821. The Government must decide today: is this what we desire out of such a tedious exercise ?

The menace of undocumented and benami business is the root cause of our economic ills. Undoubtedly, we need to put a strong barrier against such trend. However, measures akin to SRO 821 cannot yield the desired results for the Government for the foregoing reasons. As an alternate, it is recommended that the Government should re-introduce the concept of withholding sales tax, as was introduced on a trial basis, during the Year 2009. To make it acceptable to every segment of taxpayers, following modifications are also suggested in such scheme.

Through amendments in Sales Tax Special Procedure (Withholding) Rules 2007 (the rules), the Government may make all registered persons, conducting business with an annual turnover of Rs. 10 million and above, liable to deduct withholding tax, say @ 1/5th, of the total tax passed onto them by their customers. In case of purchases of taxable goods from unregistered persons, the withholding of sales tax may be made compulsory @ applicable tax rate, e.g., 5%, 16%, 19.5%, 18.5%, 21%, 25%

out of the total purchase bill. After deduction, the balance sum may be paid off to the concerned seller. To promote such scheme and as a reward of such compliance work, the withholding agent should also be offered the claim tax credit of an equivalent sum as has been deducted by him from payment made to unregistered persons.

The corresponding exemption available in 6th Schedule of the Act upto Rs. 5 million to manufacturer and retailer should be restricted to those manufacturers and retailers who sell to businesses making turnover below Rs. 10 million annually. Withholding of sales tax on purchases may also be made applicable upon taxpayers whose supplies are otherwise exempt or zero rated under the Act, e.g., pharmaceuticals, textiles, etc. This will help document and promote economy on a faster path.

Sales tax so deducted may be deposited by the withholding agent in the bank under the relevant head of account by 15th of the month following the tax period during which payment has been made to the supplier. If the withholding agent is also registered under the Act or the Federal Excise Act 2005, he shall file the return and deposit the withheld amount of sales tax in the manner as provided under Chapter II of the Sales Tax Rules 2006 along with other tax liability. However, if the withholding agent is not registered for sales tax or federal excise duty purposes but holds a National Tax Number assigned under the Income Tax Ordinance 2001, he shall file the return electronically as set out in the Annexure to the SRO and deposit the amount deducted at source in the manner as provided for persons filing returns electronically under Rule 18 of the Sales Tax Rules 2006.

The Government must understand: for right or wrong reasons, the trade and industry will not accept the



responsibility of acquiring buyers' CNIC / NTN for onward reporting to the state. However, by swapping such condition with withholding tax, the Government will not only increase its revenue but will also compel the unregistered sector to come in the tax net. Of course, 16% is a significant margin. Noone would be able to get his sales bill slashed by 16% on a regular basis. He would follow suit – this time, into the tax net.

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Yuan VS Dollar



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Abstract

In the present Century (21st) one of the biggest and challenging issues is replacing dollar as an international currency and Chinese Yuan could replace dollar as a global currency by 2020. After replacing Japan as a second largest economy, China has started making concerted efforts in this direction. It is true that there is a considerable threat to dollar not to remain global currency for international transactions. This is because of the economic situation in the US. Recent down grading has created a wave that could give momentum for replacing dollar by Yuan. This paper is an attempt in this direction.

Key Words: Capital accounts, foreign investors, inter rate markets; convertibility; debt rating, Economic domination,

Introduction:

Since the beginning of the first financial crisis in December 2007 originated from the US, the US economy went into doldrums. Even full recovery was not made out; the second recession in the US economy has been creating heavy odds for the global economy. When such trends are persisting, the economists' world wide has started think of replacing dollar as global currency.

Dollar's Special Status in Doldrums

It might be early days yet, but there have been indications that ratings downgrade of the US sovereign debt has done nothing to erase the dollar's special status as the 'numeraire' of global transactions, the currency of choice in foreign trade, the currency most favored by Governments for keeping their reserves; and the instinctive home for money in troubled times. However, the downgrade might be the most forceful reminder ever that the dollar's special position might be lost at some point of time. That view is depending upon a better understanding of what lowered rating signifies as well as on the stock market behavior in the days following the downgrade. A reflection of the weakened fiscal stature of the global biggest economy, the downgrade is attributed to 'the political discourse that has diminished the credit rating of the US' keeping pressure on dollar present status to loose¹. The long term outlook for the US

economy remains negative; further downgrade has not been ruled out if fiscal situation is not improved. Such situation and trend may give strength to replace dollar by Chinese Yuan as the Chinese economy has emerged stronger and this is why replaced Japan as the second largest economy of the world after USA.

There are strong opinions under any conditions enough to sink the financial markets world over. However, even as the stock markets across the globe turned extremely volatile, skittish investors sought the sanctuary of US Government treasury instruments. Ironically, treasuries are still considered a haven although the US Government itself is seen to have precipitated or is at the center of crisis. The day after the Standard and poor down grade, the 10 year yield, instead of rising, fell by 25 basis points and hit an all time low. Various studies have shown that in times of great global uncertainty the demand for US Government paper goes up. That has enabled the US to lower its cost of debt.

Governments world over continue to keep a major part of their reserves in dollars.

According to the International Monetary Fund (IMF), the dollar's share in global reserves stood at 60 per cent as on March 31, 2011 followed by Euro with a figure of nearly 27 per cent². Hence, the dollar is unlikely to lose its supremacy. Accordingly, its share in global reserves

will not come down in near future. Trade and investment economists' argument that there is no viable option to replace dollar is valid but the status of 'reserve currency' is won on its strength and not on its being the best among poor alternatives. The rating downgrade has of course, jolted treasury managers' world wide of their smugness and forced them to consider looking apart from the dollar. By risking a default, the US political system has all but compromised the dollar's once unassailable place, resulting into a rising opinion to replace dollar by Yuan.



Despite a deal to lift the US debt ceiling, the credit downgrade by Standard & Poor's and the quality of the policy debate and its likely implications suggest that the US may once again steer towards defaulting on its role as an international monetary anchor. The closing of the gold window by Richard Nixon, marked a turning point in US international economic commitments and brought to an end the international monetary order that prevailed after the Second World War.

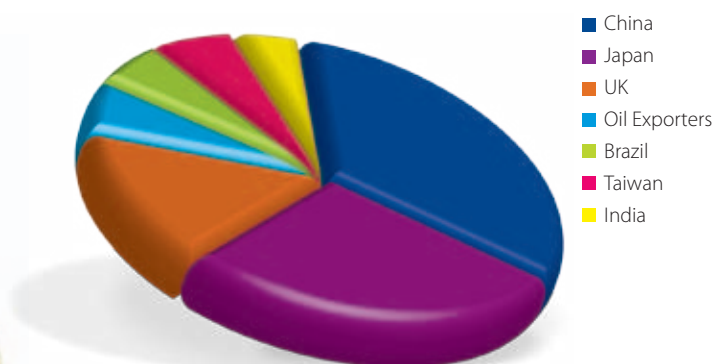
The over-dependence on one or a few currencies has long been recognized as a problem. As remedies, the establishment of an international currency and currency diversification were proposed. While the former seems far too ambitious - the euro is struggling within the European context - the latter is already taking place.

Central banks are increasingly diversifying outside the main and traditional currencies. The G20 embarked this year on an ambitious agenda to reform the international monetary system. Today's circumstances suggest a reform is more urgent than ever³.

China's Warning:

The rating downgrade, predictably, has elicited strongest reaction from China, which has come down heavily on 'debt addiction' of Americans. Today, China is the biggest creditor of US (Chart 1). Hence, Beijing is quick to seek a new stable global reserve currency.

Chart 1: Debt Stock (Holdings in US Treasury Securities as on May 2011 % share)



Beijing's double quick condemnation of the US policies should also take into consideration in regard to its growing business interest in the US. Chinese belligerence in the wake of rating downgrade is bound to seriously hurt US hitherto unchallenged influence in the world financial markets. Post downgrade has come under intense attack not just by a livid Obama Administration, but also by long-term watchers of the rating agencies⁴.

It is hard to think and say of any one less qualified to pass judgment on US than the rating agencies. The persons who rated sub-prime (December 2007) backed securities are now declaring that they are the judges of fiscal policy⁵. Surely, this would trigger a side show of its own on the efficacy of the rating agencies.

Chinese Plan:

To transform its plan of making the Yuan into a global reserve currency, Chinese authorities are willing to push for full convertibility and eventually swing open the country's capital account. The steps taken in this direction are the following:

- Allowing foreign investors to buy up to 20 billion Yuan (\$ 3.1 billion) of mainland Chinese stocks and bonds.
- Encourage foreign demand for Yuan by giving investors more places to invest currency.

To make Yuan full convertibility a reality, Chinese authorities face an arduous journey that would involve numerous political and economic pitfalls. Chinese authorities have already made significant progress in Hong Kong its testing ground. The Yuan is nearly convertible in that territory. But among other measures, China needs to first free its interest rate market, relax

investment curbs in its equity and bond markets, and allow investment funds to leave and enter China with ease before the Yuan could be made convertible⁶.

Having a convertible Yuan or one that can be readily bought or sold with few restrictions is a sine-quo-non for Chinese long-awaited or sought goal of promoting the Chinese currency as one used for world trade and investment that are essential for economic progress and emancipation of the global economy. By encouraging the free trade of the Yuan in Hong Kong and creating new outlets for that money to flow in and out of the mainland, Chinese authorities are refining a template that would prove valuable and very useful once it decides to liberalize the Yuan more widely⁷.



Even before Standard and Poor's triggered a rout in global financial markets, by stripping the US of its top position in debt rating, Chinese officials had already made clear it intended to relax its grip on the Yuan. Under Five Year Plan unveiled in March 2011, Chinese Government aims to expand the use of Yuan in international markets and gradually make the Yuan convertible on the capital account.

Things are all going well planned but an international Yuan is four or five years away in becoming global currency. How Chinese future currency regime would look is pure speculation⁸.

Is Dollar Remains Supreme?

Ironical as it may seem, in times of great degree of uncertainty and risk such as the one we all are seeing after downgrade of America's debt, the 'safe heaven status' that the US Government paper has had is no way diminished. In the days following Standard and Poor's down grade yields on treasuries fell as nervous investors flocked to invest in traditional safe heavens. The dollar's place as the numeraire of international payments, the currency of choice in international trade and instinctive home for money in troubled times has not changed after the recent downgrade⁹.

After all, there is no alternative global currency. If those economies with large exposure to the US Treasury Bills start selling them, then it would devalue the dollar more, which in turn would hurt these countries more than what it does now. From that angle also dollar supremely remains there. The fact is that the American greenback still dominates. The Euro is in trouble, so is the Yen. There could be some weakening of the dollar as a fall out of the current US debt crisis, but the relative position the dollar to all other currencies has not changed¹⁰.

According to US Treasury Department statistics, the US external debt amounted to \$ 4.5 trillion and the same hold its Government securities. The most significant thing is that China is the single largest holder of US Treasury bills accounting for more than 25.7 percent of the US total external debt which amounting to US \$ 1.15 trillion which is nearly half of the Chinese total forex reserves. India's contribution to the US external debt is around US \$ 41 billion. The over all national debt of the US is moving nearer to US \$ 15 trillion following the consensus reached in August 2011 to increase the nation's debt ceiling¹¹.

Lack of US Credibility:

One of the vital and immediate questions that has come up is whether the dollar has lost its strength to be the global economy's reserve currency. The possible answer is that at present moment there is no clear alternative to the dollar as a reserve currency. Hence there would not be any possible shift from the US dollar to other currencies such as Chinese Yuan. The price of gold would remain stronger and increased over the next few months. In an uncertain situation in the past, the safe heaven was the US and therefore, entities moved into dollar rather than in other major currencies. But today, because of the lack of US credibility in the global world and market, dollar itself is under attack, Chinese Yuan could gain ground for emerging as a global currency. In the US, the problem is of fiscal consolidation. In Europe, there are several economies that are facing severe debt crisis. The Euro as a currency is also getting affected and its possibility of an alternative to dollar is also losing shining and credibility¹². Hence the only threat that is there is from Yuan as an alternative of dollar.

Battle for Supremacy:

There is a bold and possible prediction to feed Western Europe worries that economic power is shifting inexorably to the East and accordingly, East has come out as center of economic growth and major deriving force of the global economy. Hence, Chinese Yuan could overtake the US \$ as the world's principal reserve currency as soon as next decade. Accordingly, Beijing has been promoting the use of Yuan beyond its border since 2009 to settle trade payments. The resulting build up of deposits in Hong Kong has spawned a thriving Yuan bond market¹³.

Globalizing of the Yuan, also called as the renminbi (RMB) comes up with it a host of financial and political benefits. For example, it allows Chinese authorities to build up claims on the rest of the world in Yuan rather than increasing the degree of exposure to foreign currencies, especially a dollar that it distrusts. But the consensus has been that China as its wont would tread gingerly.

The ruling risk-averse Communist Party would keep capital controls in place, thus retaining its control over exchange rate and interest rates, but preventing the Yuan from becoming a truly international currency.

Chinese economic dominance is more imminent and more broad based –including production, trade and currency than is presently recognized. By using an index of China's shares in the global GDP, trade and net exports of capital stretching back to 1870, it is pointed out that China is already on the cusp of overtaking the US as the globe leading economy. On conservative assumption, it will soon carve out an unassailable lead and accordingly, by 2030, this dominance could become comparable with the US in the 1970s and the UK around 1870. This economic dominance would in turn elevate the renminbi (RMB) to premier reserve currency status much sooner than presently expected¹⁴.

Indeed, that the time could come in a decade, based upon the conclusion of prominent economic that dollar displaced Sterling as the main global currency within nearly 10 years of the US surpassing the UK, as the world's dominant economic power¹⁵. Same notion is possible as China would outpace the US in coming ten years.

Currency War between US and China:

The Chinese Government has alleged that the US Senate is trying to disturb the recovery of global economy by passing a bill against Chinese currency by saying that Chinese currency is artificially low.

The Chinese Central Bank in Beijing has expressed its reservation on the bill by pushing the local currency lowers, defying the US efforts to push up the Chinese Yuan.

The US Bill would punish economies that subsidized exports by keeping their respective currencies artificially low exchange rates and China is among these countries who has been keeping exchange rate much below. Since 2005, Chinese Government has strengthened the Yuan by 30 per cent and the same has not resulted into lowering down US trade deficit with China which is bone of contention between the US and China. Instead narrowing down the trade deficit the same has been widened. The Chinese Government is of the view that the present bill not solve US economic and employment problems and would only disturb the present efforts to promote and strengthening global economy recovery.

The move has sent the wrong signal to escalate trade protectionism. The US Government has reversed world efforts to curb trade protectionism by using domestic legislation that seeks to threaten to punish the China for its alleged currency manipulations¹⁶.

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SAARC

A Sustainable Future?

■ Mujahid Eshai, FCA

THE PRESENT

The world today stands at a turning point. The massive economic bankruptcies and bailouts in the European Union and America, the collapse and near-collapse of a large number of international banking financial institutions and the state of economic depression prevailing over most of the developed markets of the world overrides all other matters. Issues arising from the effects of Climate change and environment have been sidelined as Governments fall and teeter around the world due to their inability to address the economic issues and provide an honorable existence to their people. Yet senseless killing of innocents on one pretext or the other continues. Yet the greed for creating hegemony of one country over another continues. Is this the world that we intend to leave for our children? Is this why the human, amongst all other animals, been gifted with the power to think? Millions still go without food and die of hunger, and millions are maimed for life and die because of disease and poverty. Why? Efforts to provide succor to these teeming millions continues through corporations, regional and international agencies and unions between countries, yet the overriding factor appears to be hegemony and control of one over the other.

The world has been witness to the creation of Regional Economic and development forums such as the European

Union, NAFTA and ASEAN. Our own region, that is, South Asia, notwithstanding any perceived or prevailing political notions about its need, also agreed to form an apolitical forum to bring through mutual cooperation to its teeming millions basic human needs and economic and social development.

SAARC came into existence 26 years ago. Keeping with the traditions in the region its aims as laid down in its Charter were overly ambitious yet based on real needs of the majority. The Charter provides for the creation of an integrated frame work for Regional Cooperation in the fields of energy, water, food, infrastructure connectivity, investment in human capital and economic and social transformation.

More specifically the 11 stated areas of cooperation are agriculture; education, culture, and sports; health, population, and child welfare; the environment and meteorology; rural development (including the SAARC Youth Volunteers Program); tourism; transport; science and technology; communications.

The region as a whole represents 25% of the world population, about 15% of World's arable land, a below poverty line population of about 30%, around 6% of Purchasing Power Parity based on global GDP,

approximately 2% of world trade and 3% of world FDI. Still South Asia is referred to as "one of the poorest sub regions in the world" in the ADB report on "Fighting Poverty in Asia and Pacific: The Poverty Reduction Strategy." Over the years SAARC has been alternatively referred to as a "stage show", a "lackadaisical organization" and a "talk shop."

The question has more often than not been raised as to whether SAARC has a future at all. As matters stand there can only be one obvious answer to this query. Eliminate political geo-mandering such as trans-boundary water issues, territorial disputes, insurgency by non-state militants, etc., to other forums, take the peoples of all the countries in the region into confidence by obtaining their opinions on relevant matters through referendums, and there may yet be a chance for SAARC to prosper and grow.

It is perhaps typical of this region, which supposedly understands, believes in and practices democratic values, that the elected Governments / Parliaments assume charge of all decisions that affect the masses without specifically referring it to them. The two major countries in the Region need to do far more and move away from their historic positions if the elected Governments have a real desire to see the masses they rule over to prosper.

Notwithstanding the efforts of the Media, intellectuals and professionals at large and in particular through AMN KI ASHA, SAARC Chamber of Law, SAFA, the SAARC Chamber of Commerce and Industry, the SAARC young Entrepreneurs Forum, the SAARC Women Entrepreneurs forum, somehow the Governments are still hesitant to create the spirit of understanding and working together for common benefit of the people. These forums and unions are the result of peoples' effort using the provisions of the SAARC Charter. It may therefore be perceived that all these arrangements are because of the agreements between the States to create an economic union in the region. Yet the only significant achievements at the level of the Governments, in my opinion, are the:

- i) SAPTA (SAARC Preferential Trading Agreement) - signed in 1993 and came into force in December 1995.
- ii) SAFTA (South Asian Free Trade Area) - signed in January 2004 and became effective 2006

The Federal Ministerial Cabinet of the Government of Pakistan has finally after years approved on the recommendation of its Ministry of Commerce the grant of MFN status on India. India had already conferred the MFN status to Pakistan sixteen years back. But now that it has happened things may start moving a little faster than before, even though the relevant quarters on both sides have announced that progress shall take time.

As matters stand the Observation made by The Indian Council for Research on International Economic Relations

working paper dated April 2011, that: "The success achieved under the treaty has been quite limited; inter-SAARC trade has continued to be around 4% of the total trade of the region."

The various SAARC forums hold seminars and conferences to formulate public opinion and act as lobbyists in their respective countries to get their Governments to move forward on the issue of a SAARC Economic Union. However, all these efforts and expression of the people's will does not seem to create a sense of urgency in the respective Governments. Let it also be said that such a Union or the extent of union by and between the States shall not impinge on their respective freedom to formulate all policies in dealing with the world at large and indeed each other nor would it mean surrendering of national interests or honour. In fact it would simply lay the basis of regulating the conduct of each nation in the region with other.

Dr. Arvind Gupta, Lal Bahadur Shastri chair at Institute of Defence Studies and Analysis, India, in a paper entitled "Will cooperative Security Work in South Asia?" states:

"South Asia despite its high population and common cultures is one of the most poorly connected regions in the world. This is because mutual mistrust has prevented countries of the region from giving priority to build multiple connectivities. Intra-regional trade and tourism is at a low level. The countries of the region can cooperate in tackling the challenges of food, water and energy security. South Asia faces the huge challenge of feeding its billions over the next decades. Agriculture, fishing and forestry are the mainstays of food security. South Asian Countries are suffering from energy deficits and the picture is becoming increasingly grim by the day. Climate change poses a major threat to South Asia. Yet there is no mechanism among the countries of the region to come up with coordinated actions."

According to the SAARC Chamber of Commerce and Industry website, Mr. Anisul Huq, President of the Chamber in his keynote address at the 4th SAARC Business leaders conclave held in September 2011 in Nepal, lamented that "many important policies that are supposed to boost South Asian trade are forwarded but implementation and execution took almost a decade so that the policy effectiveness is lost by the time of its coming in to effect. He added that the Better connectivity and trust among South Asian nations will make the movement within the region freer." Mr. Huq urged upon the political leaders of South Asia to exhibit political will to bring peace and prosperity to the Regional, which homed ¼ of the World population, possess the unlimited potential but stayed least integrated in the world."

Mr. Kumar Mallitarchi, of FRCCISL, in his address at a SAARC seminar on "Regional Connectivity in South Asia: Prospects for cooperation in Transport and Communications" held in Colombo in July 2011 stated

that: "Trade and inter action would grow in SAARC countries once the problems of connectivity faced by the region are addressed."

Mr. A.K. Azad, President FBCCI, declared in his speech at yet another SAARC seminar on "Economic Freedom and Business Environment in South Asia" held at Dhaka in May 2011 that: "the major reasons behind the slow growth of the SAARC region include tariff and non-tariff barriers, lack of appropriate level of trade facilitation and slow progress towards the development of connectivity, infrastructure and communication linkages." The Honourable Minister of Commerce of Bangladesh, in his address at the same seminar said that: "SAARC region has not yet achieved congenial business environment."

Comments like above abound. In other words these are the views of the majority.

But then it is also a fact that "Regionalisation does not come about unless the States in a particular region want it. It may come about through political regime, policy or security but often triggers from political events in motion. The Foreign policy and political events identify this change in the state as an actor in regional integration process." The question is who or what is the State? The people or the political regimes/Governments? I think these questions were answered way back in 1985 when the six SAARC states agreed to form the union. What has happened thus far is dragging of the feet on one or the other pretext, notwithstanding bilateral agreements by and between some SAARC nations.

So where do we go from the position that we stand at today?

THE FUTURE

Let us first look at what the leading opinion makers from India and Pakistan including parliamentarians, retired diplomats, former military officials, members of the policy and media communities, academics and civil society actors had to say when they met at Bangkok for the 7th and 8th rounds of the Chaophraya Dialogue from 16-17th and 18-19th October 2011 on the subject of Trade and Economic Integration. They affirmed that:

- ▶ "Economic cooperation held the key to transforming India Pakistan bilateral relations. They urged that the report of the South Asian Eminent Persons' Panel, established in 1998 under SAARC, be acted upon for greater economic integration of South Asia, particularly the Panel's recommendation towards a South Asian Economic Union, Customs Unions and Monetary Union;
- ▶ Both countries needed to modernize their arbitration and commercial laws to enable promotion of trade through ease of movement

of people and goods; a liberal visa regime for businessmen; and elimination of bureaucratic delays and procedures;

- ▶ While acknowledging the need to provide stimuli for direct trade across the border, they recommended that infrastructure for movement of goods across the border be improved, as well as permission given for ports in both countries to manage each other's cargo. Furthermore, both countries need to work towards facilitating regional and intercontinental trade routes on the lines of the Southern Silk Route;
- ▶ In order to facilitate trade and commerce, financial institutions in both countries should be allowed to provide banking facilities and related services in the other country. Furthermore, bureau standards should have a common code and accept each other's certificates;
- ▶ Efforts be made to coordinate the pharmaceutical registration process and administration between both countries. Similarly, telecom accessibility and cooperation need to be explored further. Both these sectors have great potential for mutual benefit;
- ▶ They recognized the strong complementarity in the IT sector which should jointly be explored and its potential fully realized. Likewise, there is great potential for cooperation and outsourcing in the automobile industry which needs to be harnessed;
- ▶ They felt the need for closer coordination and cooperation for South Asian energy requirements. In this regard, they recommended that both countries need to work together on climate change and explore alternatives in renewable, clean and green energy sources, including solar and wind power;
- ▶ They strongly felt that both countries should work towards food and water security and recommended that cooperation in agricultural."

Whilst bringing out a number of very important areas which need to be streamlined by each participant in terms of amendments to laws, procedures and infrastructural arrangements, the meeting does not make these requirements to be completed in a time-bound fashion. In other words time bound defined targets in terms of identifying the changes for streamlining the respective laws etc., need to be established and complied with. Thereafter, those who do not achieve the targets should be made to sit on the sidelines and allowed participation in the Union only once the requirements are achieved by them on conditions agreed upon by the remaining majority. There should be zero tolerance on these matters and we should stop holding up the movement forward on the pretext that it is better to exhibit togetherness on such matters. We can keep on waiting for a lot of time for the togetherness to happen whilst those for whom

the benefits of such union are sought continue to sit out in poverty, disease, hunger and economic insecurity. Therefore time bound milestones and achievement of the same is, in my opinion, a way to move forward. Else we shall do more of what we have been doing or not doing since 1985.

So what should be done?

Firstly, the entire SAARC program must be defined in terms of short and long term time bound achievable goals in terms of the SAARC charter. Why is this being suggested? Because, there is a wide perception that these goals have not been set and the Charter itself is seen to be self-explanatory. If the goals have been set then not enough has been talked about on the subject by those at the helm of affairs. The question asked frequently is how is the end goal to be achieved? Is there a plan of action or not? Talking about this, that and the other without the requisite mechanism being clearly laid out is like reading or listening to the election manifestos of political parties.

Secondly, there is perhaps a need to carry out capacity building within the SAARC Secretariat. People who would act as the links between the member countries and create task forces that would draft essential parameters of governance required in each of the fields on cross-border bases. Again these tasks would be time bound. Their deliberations and outputs would be passed on to the respective Member country Ministries for comments before finalisation and submitting for approval to the Government Heads at the summit and subsequent ratification by the respective legislatures, if required, or the people at large through referendums on particular issues.

Thirdly, perhaps there is a need for creating a separate ministry of SAARC affairs in each of the countries. Why? Because if time bound targets have to be achieved within each country and coordination arranged between various Governmental Ministries and Stakeholders in each country with resulting drafting of changes in the laws, rules and procedures and developing positions on the affairs of other member countries, a full time Ministry at the Federal level would be required which would liaise with other relevant ministries. The creation of such a Ministry would, in my opinion, bring about a sense of urgency and seriousness to the task of creating a Union. Further, the creation of such a Ministry would help in dissipating the currently held common perception amongst the people at large that SAARC is not going anywhere and is simply a money wasting gathering of the Heads of States.

Fourthly, there is a need to establish the importance of SAARC as an economic union in the same manner as other forums such as ASEAN, Shanghai Cooperation Organisation, G-20 etc. The exact usefulness of the forum, with an objective to achieve a union at some stage, is a matter neither understood by nor explained to the large majority of people in each member state. Today as far as the people at large are concerned the forum could be used to establish a completely open travel and visa regime. Even this issue is not resolved

completely essentially because of security concerns. Well, it would have been prudent to attend to the latter aspect first before causing the excitement relating to the visa regime. Indeed the security aspect is most important for all member states and should have been given the first priority in dealings with one another from the same platform. Given the state of affairs by and between the South Asian States the most important issue was to create trust and confidence in one another. Whether CBMs are the only answer to the riddle or an open visa regime on its own with relevant agencies ensuring a very strict uniform screening system all across is the answer to bridging the gap and getting anywhere near the formation of a proper union remains an unanswered question.

Last but not least, the advantages of forming the economic union are immense and have been spelt out often. None of the States of South Asia stayed out of the WTO regime and each is enjoying some privilege or the other vis-a-vis the rest of the world. The Sovereignty and territorial integrity of each nation, regardless of its size, has to be respected on each and every forum. In such a forum there cannot be any one or more states effort to overwhelm or create hegemonies for it or their selves. The world desires that we talk to them enbloc from a single forum. The problems faced by all nations today cannot be solved singlehandedly. Unity in diversity must be achieved or else SAARC may well end up in smoke.



To conclude, at the 17th SAARC Summit, President Mohamed Nasheed of Maldives in the inaugural address as the new Chairperson of SAARC noted: "They want to live in societies based on the rule of law, in which basic freedoms are protected. They want the chance to succeed in our region's economic miracle. They want what everyone wants: a decent life to live in dignity." Our populations are youthful and energetic. Our thinkers, researchers and scientists are globally renowned. Our culture is internationally acclaimed. Our private sector companies are some of the world's largest and most profitable. For too long, South Asia was considered a sideshow in the theater of global politics. But today, we occupy center stage. The eyes of the world are upon us. This is our time to shine."

Let us believe in these words of hope and act today for the sake of all our future generations!

An Update on Best Corporate Report Award



■ Abdul Rahim Suriya FCA, FCMA
Chairman, Evaluation Committee
and Council Member, ICAP

Forward looking information in narrative or quantitative form including projections or forecasts about known trends, uncertainties or the other factors that could affect the entity's liquidity, capital resource, revenues and the results if its operations

The Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) has been giving honor and recognition to the entities for producing Best Annual Reports for last 12 years. In 2011 a new award has also been launched for 'Best Sustainability Report'.

Annual reports are evaluated on the basis of the 'Criteria' which is reviewed by the Evaluation Committee, a sub-committee of the Joint Committee of ICAP and ICMAP on a regular basis in order to keep pace with the international best practices and the local reporting frameworks.

Three more categories i.e. Mutual Funds, Non-profit Organizations and Sugar & Cement have been included to the existing categories for a better comparison amongst sector-wise grouping of the companies. From 2012 there will be following categories:

- Banks
- NBFIs (including Insurance and Modarabas)
- Mutual Funds

■ Non-profit Organizations

- Fuel & Energy
- Engineering
- Chemical & Fertilizers
- Textiles
- Cement & Sugar
- Miscellaneous

It is to be informed that from this year, all annual reports will be considered for this competition; however, annual reports not containing a clean audit report would be subject to a deduction of a maximum of 5 marks. It is expected that this will provide opportunity to all entities to participate.

The 'Criteria' for the Best Corporate Report for the year 2012, which is applicable to the annual reports with the year end falling in the year 2012, has been placed on the websites of both the Institutes at the following links:

www.icap.org.pk/web/links/0/bestcorporatereportawards.php
www.icmap.com.pk/NewsManagement.aspx

The Criteria includes following voluntary disclosures which are not required by the Companies Ordinance 1984, Code of Corporate Governance, or IFRS:

Ref.	DESCRIPTION OF CRITERIA	Ref.	DESCRIPTION OF CRITERIA
	Director's Report / Chairman's Review / CEO Review		Disclosures
2.1	Description of nature of business including a macro-level (e.g. industry, main markets, and legal environment) and a micro-level (e.g. business model, product portfolio) discussion	3.2	l) Cash Flow Statement based on Direct Method
2.2	a) Explanation of management's objectives and its strategies for meeting those objectives including priorities for action and addressing threats and opportunities of market trends	3.2	m) Disclosure of fair value of Property, Plant and Equipment
2.2	b) Significant changes in an entity's objectives and strategies from the previous period or periods	3.2	n) Summary of significant/ material assets or immovable property
2.2	c) The relationship between the entity's results, management's objectives and management's strategies for achieving those objectives		Stakeholders Information
2.3	Description of the entity's most significant:	4.1	Specific ratios are desired
	a) Resources, including an analysis of liquidity, cash flows, financing arrangements, human capital;	4.2	Summary of the Cash Flow Statement for 6 years
	b) Capital structure including any inadequacies in the capital structure and plans to address such inadequacies;	4.3	Vertical and Horizontal analysis of Balance Sheet and Profit and Loss Account for 6 years
	c) Significant changes in financial position, liquidity and performance compared with those of the previous period;	4.4	Comments on the results of the analysis of ratios (ref. 4.1), cash flows (ref.4.2) and financial statements (ref.4.3)
	d) Risks, including strategic, commercial operational and financial risks;	4.6	Statement of Value Added and how distributed with graphical presentation
	e) Plans and strategies for mitigating these risks and potential opportunities; and	4.7	Investors' Related section on the corporate website
	f) The significant relationships that the entity has with stakeholders, how those relationships are likely to affect the performance and value of the entity, and how those relationship are managed		Corporate Governance
2.4	Comparison of the entity's financial and non-financial performance from the last year and description of the future prospects, including whether the performance may be indicative of the future performance	6.1	Authorization of financial statements by the Board within 30 days
2.5	Forward looking information in narrative or quantitative form including projections or forecasts about known trends, uncertainties or the other factors that could affect the entity's liquidity, capital resource, revenues and the results if its operations	6.3	Organization Chart
2.6	Explanation as to how the performance of the entity meets/exceeds and why it was short of forward-looking disclosures made in the prior period. (This point will be applicable from the next period after information in 2.5 above is disclosed)	6.4	The Board structure and its committees
2.7	Description of critical performance measures and indicators which management uses to measure performance of the entity against stated objectives of the entity and whether the indicators used currently will continue to be relevant in the future	6.5	Chairman of the Board other than the CEO
2.8	Analysis of the prospects of the entity including targets for financial and non-financial measures and explanation as to why the results from performance measures have changed or how the indicators have changed	6.6	Name of non-executive directors, indicating their independence, with at least one independent non-executive director having relevant industry experience
2.9	Human resource management policies including preparation of a succession plan	6.7	Number of executive directors on the Board less than one-third
2.10	Market share information preferably from an independent source	6.8	Disclosure for all members of the Board of Directors:
2.12	Description of energy saving measures taken by the company during the year and how the company is planning to overcome the escalating energy crisis (organization specific)		a) Profile of each director
			b) Involvement / engagement of each director in other companies / entities as CEO, Director, CFO or Trustee etc.
		6.9	Salient features of the Audit Committee's Terms of Reference and attendance in meetings held
		6.10	Salient feature of other Board Committees' Terms of Reference and the number of meetings held
		6.11	Independent non-executive directors including the Chairman on Audit Committee (Full marks if all are independent non-executive directors, else zero)
		6.12	Independent non-executive directors on the Human Resources and Remuneration Committee (Full marks if all are non-executive directors, else zero)
		6.13	Annual evaluation of Board's performance along with the criteria used
		6.14	CEO performance review
		6.15	Formal orientation at induction and regular continuous professional development Programs for the members of the Board of Directors

The winning companies are nominated for SAFA Best Presented Accounts and Corporate Governance Disclosures Awards. In 2011 Pakistani companies secured 17 awards/certificates.

Lists of winners of Best Sustainability Report Award 2010 and Best Corporate Report Award 2010 are given in **Annexure-A** and **Annexure-B** respectively. The list of SAFA winners is attached as **Annexure-C**. **Annexure-D** contains Criteria for Best Corporate Report Award 2012.

It is expected that the above voluntary disclosures will further improve the reporting environment in Pakistan resulting in greater transparency and stakeholders' confidence.

ANNEXURE-A

List of Winners of Best Sustainability Report 2010

Award

Attock Refinery Limited

Merit Certificates

Engro Corporation Limited
Engro Polymer & Chemicals Limited
ICI Pakistan Limited

Appreciation Certificates

Atlas Honda Limited
Millat Tractors Limited
Security Papers Limited
Siemens (Pakistan) Engineering Company Limited
Tetra Pak Pakistan Limited

ANNEXURE-B

List of Winners of Best Corporate Report Awards 2010

Overall 1st Position: Fauji Fertilizer Company Limited RANK SECTOR / COMPANY

Chemical and Fertilizer

1st Fauji Fertilizer Company Limited
2nd Engro Polymer & Chemicals Limited
3rd Sanofi-aventis Pakistan Limited
4th Abbot Laboratories (Pakistan) Limited
5th ICI Pakistan Limited

Engineering

1st Siemens Pakistan Engineering Company Limited
2nd Crescent Steel & Allied Products Limited
3rd Pakistan Cables Limited
4th AL-Ghazi Tractors Limited
5th International Industries Limited

Fuel and Energy

1st Pakistan Petroleum Limited
2nd Pakistan State Oil Company Limited
3rd Oil & Gas Development Company Limited
4th Sui Northern Gas Pipelines Limited
5th Pakistan Oilfields Limited

Miscellaneous

1st Security Papers Limited
2nd Raffan Maize Products Limited
3rd Packages Limited
4th Pakistan Tobacco Company Limited
5th Century Paper & Board Mills Limited

Textile

1st Gul Ahmed Textile Mills Limited
2nd Kohinoor Textile Mills Limited

Banks

1st MCB Bank Limited
2nd Askari Bank Limited
3rd Allied Bank Limited
4th Faysal Bank Limited
5th United Bank Limited

NBFIs

1st New Jubilee Insurance Company Limited
2nd Arif Habib Securities Limited
3rd First Habib Modaraba
4th IGI Insurance Company Limited
5th Atlas Insurance Company Limited

ANNEXURE-C

List of SAFA Winners 2010-Pakistan

CATEGORY/COMPANIES

RANKING

Banking

MCB Bank Limited 2nd Runner-up (Joint)
Askari Bank Limited 2nd Runner-up (Joint)
Allied Bank Limited Merit

Insurance

Atlas Insurance Limited 2nd Runner-up (Joint)
New Jubilee Insurance Co. Ltd. Merit
International General Insurance Co. Ltd. Merit

Financial Services

Arif Habib Securities Limited 1st Runner-up (Joint)
First Habib Modaraba Merit

Manufacturing

Fauji Fertilizer Company Limited Winner (Joint)
Siemens (Pakistan) Engineering Co. Ltd. Winner (Joint)
Pakistan Petroleum Limited 2nd Runner-up (Joint)

Communication & Information Technology

Pakistan Telecommunication Co. Ltd. 2nd Runner-up

Services

Shifa International Hospital Ltd. 2nd Runner-up

Non-Governmental Organization

The Citizen Foundation Merit

Corporate Governance Disclosure Award

Siemens (Pakistan) Engineering Co. Ltd. 2nd Runner-up (Joint)
Fauji Fertilizer Company Limited Merit
Arif Habib Securities Limited Merit

Best Corporate Report

Evaluation Criteria 2012

ELIGIBILITY:

ANNEXURE-D

- 1 Maximum of Five (5) marks will be deducted in case of other than clean audit report
- 2 Minimum qualifying marks are 60
- 3 This Criteria is for the listed entities, however non-listed and private entities, may also take part in the competition provided the following conditions are met:
 - (a) Full compliance with the Code of Corporate Governance as per Stock Exchange Regulations, and its compliance has been reviewed by the external auditors
 - (b) Auditors' report to the members is in accordance with relevant standards/statute

EVALUATION CRITERIA 2012

	Max. Marks		Max. Marks
1 Corporate Objectives	2	*2.4 Comparison of the entity's financial and non-financial performance from the last year and description of the future prospects, including whether the performance may be indicative of the future performance	2
1.1 Vision	0.5		
1.2 Mission	0.5		
1.3 Overall strategic objectives	0.5	*2.5 Forward looking information in narrative or quantitative form including projections or forecasts about known trends, uncertainties or the other factors that could affect the entity's liquidity, capital resource, revenues and the results if its operations	2
1.4 Core values and code of conduct or ethical principles	0.5		
2 Directors' Report / Chairman's / CEO's Review to include:	22	*2.6 Explanation as to how the performance of the entity meets/exceeds and why it was short of forward-looking disclosures made in the prior period. (This point will be applicable from the next period after information in 2.5 above is disclosed)	0
*2.1 Description of nature of business including a macro-level (e.g. industry, main markets, and legal environment) and a micro-level (e.g. business model, product portfolio) discussion	2	*2.7 Description of critical performance measures and indicators which management uses to measure performance of the entity against stated objectives of the entity and whether the indicators used currently will continue to be relevant in the future	1
*2.2 a) Explanation of management's objectives and its strategies for meeting those objectives including priorities for action and addressing threats and opportunities of market trends	2	*2.8 Analysis of the prospects of the entity including targets for financial and non-financial measures and explanation as to why the results from performance measures have changed over the period or how the indicators have changed	1
b) Significant changes in an entity's objectives and strategies from the previous period or periods	1	2.9 Human resource management policies including preparation of a succession plan	1
c) The relationship between the entity's results, management's objectives and management's strategies for achieving those objectives	1	2.10 Market share information preferably from an independent source	1
*2.3 Description of the entity's most significant:		2.11 Highlights on the entity's performance in relation to the following aspects of corporate sustainability:	4
a) Resources, including an analysis of liquidity, cash flows, financing arrangements, human capital;	0.5	a) Corporate Social Responsibility	
b) Capital structure including any inadequacies in the capital structure and plans to address such inadequacies;	0.5	b) Energy conservation	
c) Significant changes in financial position, liquidity and performance compared with those of the previous period;	0.5	c) Environmental protection measures	
d) Risks, including strategic, commercial operational and financial risks;	0.5	d) Community investment & welfare schemes	
e) Plans and strategies for mitigating these risks and potential opportunities; and	0.5	e) Consumer protection measures	
f) The significant relationships that the entity has with stakeholders, how those relationships are likely to affect the performance and value of the entity, and how those relationship are managed	0.5	f) Industrial relations	
		g) Employment of special persons	
		h) Occupational safety & health	

Max.
Marks

	i) Business ethics & anti-corruption measures	
	j) National cause donations	
	k) Contribution to national exchequer	
	l) Rural development programmes	
2.12	Description of energy saving measures taken by the company during the year and how the company is planning to overcome the escalating energy crisis (organization specific)	1
	<i>* Note: For further guidance, please refer to IFRS Practice Statement 'Management Commentary' available at IASB website</i>	
3	Disclosures	14
3.1	Full marks where disclosures are those as prescribed by the IFRS, SBP, SECP and other applicable laws & regulations, else zero.	2
3.2	The following additional disclosures, where applicable, will also be considered:	12
	a) Comprehensive related party disclosure	
	b) Disclosure of all changes in corresponding figures	
	c) Adequate disclosure of significant judgment and estimates	
	d) Detailed disclosure of financial instruments	
	e) Detailed disclosure of facilities provided to CEO and Directors	
	f) Detailed disclosure of all contingencies and commitments	
	g) Income tax reconciliation as required by IFRS	
	h) Reconciliation of weighted average number of shares for calculating EPS and diluted EPS	
	i) Adequate disclosure of new accounting standards and their expected impact	
	j) Sector wise analysis of deposits and advances	
	k) Segment analysis of gross income and profit before tax	
	l) Cash Flow Statement based on Direct Method	
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	• Gross Spread ratio	

- Cost/Income ratio
- Return on Equity
- Return on Capital employed

Liquidity Ratios

- Advances to deposits ratio
- Current ratio
- Quick / Acid test ratio
- Cash to Current Liabilities

Investment /Market Ratios

- Earnings per Share (EPS) and diluted EPS
- Price Earnings ratio
- Price to Book ratio
- Dividend Yield ratio
- Dividend Payout ratio
- Cash Dividend per share
- Stock Dividend per share
- Market value per share at the end of the year and high/low during the year

Capital Structure Ratios

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- Earning assets to total assets ratio
- Weighted Average cost of deposit
- Net assets per share
- Maturity analysis of assets and liabilities
- Concentration of assets, liabilities and off Balance Sheet items
- Disclosure of non performing loans

Non-Financial Sector :**Profitability Ratios**

- Gross Profit ratio
- Net Profit to Sales
- EBITDA Margin to Sales
- Operating leverage ratio
- Return on Equity
- Return on Capital employed

Liquidity Ratios

- Current ratio
- Quick / Acid test ratio
- Cash to Current Liabilities
- Cash flow from operations to Sales

Activity / Turnover Ratios

- Inventory turnover ratio / No. of Days in Inventory
- Debtor turnover ratio / No. of Days in Receivables
- Creditor turnover ratio / No. of Days in Payables
- Total Assets turnover ratio / Fixed Assets turnover ratio
- Operating cycle

Investment /Market Ratios

- Earnings per Share (EPS) and diluted EPS

	Max. Marks		Max. Marks
<ul style="list-style-type: none"> Price Earnings ratio Dividend Yield ratio Dividend Payout ratio Dividend Cover ratio Cash Dividend per share Stock Dividend per share Market value per share at the end of the year and high/low during the year Breakup value per share without Surplus on Revaluation of Fixed Assets Breakup value per share including the effect of Surplus on Revaluation of Fixed Assets 		5.7 Calendar of major events	1
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5.2 Effectiveness of photographs and their relevance	1	6.9 Salient features of the Audit Committee's Terms of Reference and attendance in meetings held	1
5.3 Effectiveness of charts and graphic presentation of Balance Sheet, Profit & Loss Account and Cash Flow Statement	3	6.10 Salient feature of other Board Committees' Terms of Reference and the number of meetings held	1
5.4 Comprehensiveness of corporate information and address for correspondence e.g. website, email addresses and telephone Nos.	1	6.11 Independent non- executive directors including the Chairman on Audit Committee (Full marks if all are independent non-executive directors, else zero)	2
5.5 Complete and accessible annual report on the website	2	6.12 Independent non- executive directors on the Human Resources and Remuneration Committee (Full marks if all are non-executive directors, else zero)	1
5.6 Definition and glossary of terms	1	6.13 Annual evaluation of Board's performance, along with description of criteria used	2
		6.14 CEO performance review	2
		6.15 Formal orientation at induction and regular continuous professional development Programs for the members of the Board of Directors	1
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		Total Maximum Marks	100



■ Economic Advisory Committee, ICAP

Introduction

The Economic Advisory Committee of the Institute of Chartered Accountants of Pakistan (ICAP), which, comprises of experienced professionals in accounting, auditing and governance fields, has developed a set of recommendations for the Energy Sector Reforms. This is not a descriptive analysis; rather a attempt to focus on more critical problems. The objective is to identify short term measures which can then be proposed to the relevant authorities for immediate action.

Pakistan's Energy Crisis

The energy situation in the country is deteriorating day by day with growing shortages of power and natural gas. The current energy demand far exceeds the indigenous supplies, fostering dependency on imported oil that places substantial burden on the economy of the country.

Consumers are being subjected to increasing hours of load-shedding, with a simultaneous increase in tariffs. Although the country has been facing load shedding and tariff determination issues stemming out from large subsidies to WAPDA and KESC for over nearly two decades, the energy crisis escalated owing to steep rise in international oil prices during 2006/07, the effect of which was not passed on to the consumers. Insufficient generation, uneconomical energy mix for power generation that relies very heavily on imported fuel, the circular debt crisis due to gap between cost and recovery, inefficient and outdated equipment for generation, transmission and distribution, and weak governance are some of the major factors responsible for the crisis.

Major challenges to correct this dire situation include the following:

- Policy changes to ensure efficient distribution of available gas supplies amongst competing users;
- Policy changes to urgently develop necessary

infrastructure of import of gas, either through a pipeline or/ and the option of LNG import;

- Rationalization of tariff to reduce the gap in cost and recovery of gas and power;
- Attracting large investment to change energy mix so as to place greater reliance on indigenous cheaper resources such as hydro power and coal and reducing reliance on imported furnace oil;
- Attracting investment in plant and equipment to enhance efficiency in generation, transmission and distribution and;
- Policy changes to attract investment that enhances Oil and Gas exploration.

The current energy crisis is a major impediment to the country's economic growth, and requires urgent policy and governance reforms. Key recommendations to resurrect Pakistan's continuing decline are summarized below.

Issues and Solutions

These recommendations mainly cover the following areas:

- Circular Debt
- Bridging the Gap between Demand And Supply

Circular Debt

Circular Debt is the chain effect of funds of one company getting blocked in another company, thereby making it difficult for the first company to pay off its creditors. In Pakistan, the Circular Debt crisis has affected most companies that make up the energy sector.

Circular debt is one of the most important factors that is deepening energy deficits by creating a vicious cycle which is becoming chronic at the rate of **Rs. One Billion** a day. This greater-than-ever debt has become the major impediment to the growth of economy due to its effect on:

- ▶ foreign investments, especially in the energy sector;
- ▶ the banking system, where it limits the liquidity available for businesses;
- ▶ import of oil by marketing companies, thereby creating fuel shortages; and
- ▶ increasing the idle capacity of power producers and oil refineries resulting in waste of fixed costs

The issue of the circular debt needs to be resolved immediately on priority basis. The following are some workable recommendations that the government may adopt to control the prevailing situation.



1. **Existing amount of circular debt should be immediately settled through additional borrowing; and**
2. **Steps should be taken to ensure that the problem of circular debt is resolved permanently**

As at December 7, 2011 payable amount by the Government stood at Rs. 372 billion out of which Rs. 253 billion is owed to the Independent Power Producers (IPPs).

The foremost requirement is to determine the existing net balance position specifically, and immediately clear

it. The Government should settle the amounts payable to the IPPs either through the issue of PIBs, or raising funds through the banking sector.

Settling existing debt will not serve any purpose unless creation of further debt is limited. The reasons for creation of circular debt needed to be resolved urgently are:

- a) Significant gap between the cost of generation, costs of power transmission, and the power tariff. This gap has further widened owing to steep increase in fuel prices since 2006-07.
- b) Delays in settlement of electricity dues by governments, public and private sector entities; partly due to flawed billing and collection system
- c) Cash basis of accounting adopted by the government that creates incentive for deferring payments to show lower fiscal deficit.

Improving plant efficiencies by utilizing a more economic and sustainable energy mix will result in reducing costs on one side. At the same time, gradually increasing power and gas tariffs will result in reducing the gap between cost and revenues. This plan requires a comprehensive study for the short, medium and long term entailing specific steps to be taken at each level.

A mechanism should be developed to ensure timely collection and settlement of power bills by the governments, public and private sector entities.

Receivables as at October 31, 2011 stood at Rs. 310 billion. There is a need of timely recovery of receivables of state owned Power Distribution Company PEPCO from Provincial / Federal governments and its department's along with the private companies.

Increase in the **Security Deposit** of customers, which is currently equal to an amount based on **one and half month's billing to three months** billing of the customer may be a measure to generate additional funds. Rs. 50 billion are expected to be raised by this measure, which will be an adequate back up for recovery in case of a default by customers. Currently, the gas companies are following this practice and consequently they have a low default ratio.

To deter chronic defaulters, without discrimination, strong measures may be taken such as disconnection.

It is also suggested, to have an **Independent Tribunal** for settlement of receivables between public sector entities / governments with an period of 60 days.

Governments should change their accounting system from "Cash Basis" to "Accrual Basis"

The accounting and reporting system adopted by the Government of Pakistan is 'cash basis'. The cash system of

accounting, which is best suited to small size enterprises, gives a flawed picture of the financial strength of the Government. Payments are routinely deferred to the next period, showing decreased expenditure resulting in a lower budget deficit. Skipping a payment means omitting an expense entirely, which then destabilizes the whole financial system.

If the Government of Pakistan was following 'accrual system' of accounting, the deficit due to the gap between cost and revenues of the power sector entities would have to be shown as expense in the year it was incurred, thereby restricting the aggregation of the amount to the giant proportions it is currently in. Thus, there would be no need for the government to delays its obligatory payments, and also pay an additional cost of Rs. 26 billion per annum as LPS on such delayed payments.

To get out of this vicious cycle of debt, the overdue payables could be parked in a holding company, with Government guarantees for their extinguishment in future. Taking these toxic debt amounts out of the system will make the receivables of the power companies' manageable, with the added advantage of reduced interest and penal charges. Over a period of time, the debt parked in the holding company may be reduced from the profits of the power companies.



3. Curtailing Future Debt

The problem began because of a disparity between generation costs and tariffs of Energy whereby the Government of Pakistan kept energy tariffs constant even though generation costs kept on increasing giving rise to a substantial cost-tariff differential. The situation further aggravated during 2008 because of phenomenal increases in the international oil prices.

Another key reason for the tariff differential is the gap between the Nepra tariff and the actual cost of about three percent.¹ Further, Nepra disallows the impact of the penal interest on the payable amount in calculation of the tariff.

To prevent future increase in the circular debt, the differential between the sale price (tariff) and the cost to the Distribution companies should be eliminated.

4. A comprehensive plan for restructuring and reforming energy sector through appropriate changes in policies, investment and institutional reforms be prepared and implemented.

The current problems in the energy sector have stemmed from lack of vision, long term strategy and governance.

There is need of revamping DISCO's collection system through implementation of efficient ERP / Accounting systems and by hiring professionals on suitable positions. The system should be effective and efficient to identify defaults in the initial stages, so that future sale to that customer be stopped within time.

The mechanism of Corporate Governance should be implemented in the public sector. The Board members of a public sector company may be apprised about their responsibility and should be held accountable for the performance of the company.

The Ministries of Petroleum and Power should be merged into one Ministry i.e. Ministry of Energy along with their regulatory bodies. The thermal power generation based on oil, gas and coal be given to the private sector and public sector plants could be privatized. Moreover, creation of one window support for the power sector would expedite the setup of new power projects.

5. Effective steps should be taken to control and reduce Transmission and Distribution Losses

About 19.3 billion units i.e 20.3% of total power generated was lost due to Transmission and Distribution losses in FY2010. This works out to a loss of revenue amounting to Rs.145 billion, at an average tariff rate of Rs.7.50. The generation, transmission and distribution systems need up gradation and modernization to ensure minimum outages and optimum capacity utilization.

There is also need of investment in infrastructure and strong governance to reduce power theft.

Cyber locks & EVCs (Electronic Volume Corrector) have been installed to control gas theft in some areas. Further installation of the same may be promoted. Similarly, power meters capable of metering 'peak' and 'off peak' tariffs should be installed country-wide, to deter waste of energy in the peak hours.

Illegal connection holders should be encouraged to legalize their connection on payment of nominal charges within a specified time. Thereafter, legal action against such connections to control theft should be taken. Gas and electricity theft be made a 'non-bailable offence' with a high penalty.

6. An attractive incentives policy package together with effective coordinated steps be taken by Federal and Provincial Governments to attract substantial investment in the energy sector.

To cater to the growing demand envisioned for the future, fresh investment and financing in the energy sector is needed.

Medium term Energy Bonds can be issued to the general public with fiscal incentives to raise funds for the resolutions of existing circular debt.

State Bank of Pakistan may be consulted for investor friendly regulations to encourage private sector investment.

Bridging the Gap between Demand and Supply

As the energy crisis has arisen over the years, therefore it will take time to resolve the same. There is need for developing and implementing short, medium and long term measures. In the short term, energy conservation awareness be promoted at large scale along with reallocation of limited natural gas resource with higher priority to the power sector.

In the long term, investment in renewable energy – hydel, wind and solar projects and domestic coal based power generation may be promoted.

1. Energy Conservation

Pakistan is facing an extreme energy crunch; however, comprehensive and sustainable strategies and amendments in related laws are being brought into effect to conserve energy. Sector-wise energy conservation potential includes 25 per cent for industry, 20 per cent for transport, 20 per cent for agriculture, and 30 per cent for buildings. Innovative and 'out of the box' ways to conserve energy should be identified, such as:

- i) The country has 131 million.² If everyone charges their cell phone at night it takes about 500MW of electricity. Awareness campaigns to educate people to charge their cell phones during day time instead of the peak hours of the night, may conserve a significant amount of precious energy.
- ii) ATM machines and their related cooling units use a lot of electricity. Electronic sensors activating the machines and the equipment on 'human presence' after 10:00 pm may provide additional energy to residential customers. Further, incentives to manufacture or import ATM installations which require less cooling should be provided.
- iii) LCD monitors have lower energy requirements than the traditional CRT monitors. The Government may ban the import of these 'second hand' CRT monitors.

- iv) An estimated 20% of the total demand goes in lighting. Using Energy savers may decrease electricity consumption by 800MW. The new 'LED' technology can result in further savings, along with its eco-friendly nature.
- v) Occupancy sensors should be introduced and propagated.
- vi) Regular maintenance and tuning of industrial boilers should be made mandatory after every 3 months.
- vii) Install smart/digital meters charging higher tariff during peak hours between 6-10pm.
- viii) Building Codes should be developed and enforced as policy tools to encourage energy efficiency in new buildings. Incentives may be introduced for carrying out energy conservation effort in old buildings.

2. Gas

Energy markets in Pakistan operate on the basis of 'administered pricing regime' instead of being driven by the dynamics of demand and supply. Whenever price of a product is kept artificially low as compared with that of its closest substitute, the demand for the product increases and often results in shortages. This is what has been happening in the natural gas market.

i) Pricing and Allocation

Total annual consumption at a rate of 2.2% per annum has increased during FY 2005-10 from 1,158.6 billion cubic feet to 1,288.9 billion cubic feet, an increase of 130.3 billion cubic feet.

Table 1: Natural Gas Consumption (Billion Cubic Feet)

Year end June 30	Consumption				Segmental Share	
	2005	2010	Change		2005	2010
Domestic	172.1	219.4	47.3	27.5%	14.9%	17%
Commercial	27.2	37	9.8	35.9%	2.3%	2.9%
Industry	240.5	346.5	106.1	44.1%	20.8%	26.9%
Fertilizer	190.4	220.1	29.7	15.6%	16.4%	17.1%
Power	504	366.9	-137.1	-27.2%	43.5%	28.5%
Transport	24.4	99	74.6	305	2.1%	7.7%
Total	1158.6	1288.9	130.3	11.2%	100%	100%

Source: Pakistan Energy Yearbook 2010

As evident from Table 1 the transport (CNG) sector witnessed the highest increase of 305% in consumption, followed by industry (44%), commercial (36%), domestic (28%) and fertilizer sector (16%). On the other hand natural gas available for the power sector fell by 27%.

The surge in demand for natural gas seems to be

the consequence of the inefficient pricing structure adopted till date. The flaw in pricing results in inefficient distribution of gas between the various sectors.

The urgency to reallocate the limited natural gas resource with higher priority to the power sector is paramount. If more gas is diverted to the power sector, the gas being consumed in CNG sector could yield annual savings in excess of Rs.100 billion in power subsidies.

Review of Load Management & Gas Allocation Policy should be performed on a priority basis, with changes in the distribution priority list to the following sectors:

- Power Generation
- Industry
- Commercial
- Domestic
- CNG

Using CNG to run private cars is highly inefficient. The Government should look into ways to reduce this use, with a simultaneous incentive to public transport running on CNG.

Increase gas allocation rather than oil as the fuel for IPPs

Prices of gas should be rationalized through cross-subsidization. Price subsidies should be eliminated and fuel prices be linked to prices quoted internationally.

Targeted subsidies should be offered only if required for social reasons and paid for out of government revenues; not by energy producers.

People should be educated to install solar water heaters for water heating instead of traditional gas heaters.

ii) Resolve Litigation Cases

About 500 million cubic feet per day of natural gas – nearly 12% of the country's current gas output, equivalent to the production from Sui, has not been able to come into the system due to long outstanding litigation involving OGDC. This includes gas discovered in fields such as Sinjhor, Tando Allah Yar, etc. The Kunar Pasaki field is to produce 100 mmcf/d from early 2HFY12 while the remaining fields have persisted to be undeveloped due to litigations relating to the award of contracts for their development from several years.

Early resolution of these litigation cases shall significantly improve the gas supply situation.

iii) Capacity Building

The National Natural gas companies should make it a priority to produce additional gas which is quite possible if gas tariffs are raised to economic levels.

Policies should be formulated for giving attractive incentives for the development of Tight and Shale Gas.

Gas prices should be rationalized to reflect market based pricing across all sectors including Fertilizer. Gas pricing should be based on the 'allocation priority' of an industry sector, based on economic value addition.

Make targeted investment to improve current power sector efficiency from estimated 10k-12kBTUs per KWhr to more acceptable levels of 8kBTUs per KWhrs resulting in gas saving and lower cost of generation.

It is pertinent that gas distribution companies' make a crackdown on illegal usage of gas generators. Gas consumption needs to be reserved for household and commercial users for heating purposes, not for generating electricity. A pricing policy based on usage slabs of customers may impede such usage.

The old plants especially in the fertilizer and power sector should be modified and up-graded to consume less gas. A strict time line for this conversion should be publicized, after which they may be shut-down.

iv) Liquefied Petroleum Gas (LPG)

Liquefied Petroleum Gas (LPG) contributes about 0.6 percent of the country's total primary energy supply mix. The main objective to enhance the use of LPG is to stop deforestation in the areas where the supply of natural gas is technically not viable. As a result of the government's policies, LPG supplies have been increasing over the past few years. The LPG marketing companies have imported around 55826.4 MT of LPG during July-March 2010-11 against 406975 MT of LPG during July-March 2009-10

LPG pricing should be market-driven and based on import parity pricing.

PDL (Petroleum Development Levy)/Royalty should be imposed on LPG production at low cost from local gas extraction plants due to low cost of indigenous gas.

Encourage the use of LPG in multiple applications including power production, as Synthetic Natural Gas as a peak load saving fuel to replace other fuels.

LPG marketing companies collectively should be required to maintain a reserve of at least two weeks worth of stocks.

v) Liquefied Natural Gas (LNG)

In order of Pakistan's rising demand the gap in demand and supply for natural gas (currently 2000-4000 mmcf/d) will increase. The only short term solution is to import LNG, as any other alternative will have a significant lead time. Importing LNG is cheaper than importing furnace oil.

The Government of Pakistan is focusing on a fast paced process for setting up LNG projects in the country as it would help in easing the energy shortage that is majorly affecting the output and growth of industry.

3. Alternative Sources of Energy

Energy sector needs to encourage alternate, renewable energy sources for production of electricity; like wind, hydel, solar.

Construct additional smaller dams in order to conserve the rapidly depleting water resources.

Small commercial solar and wind units should be allowed to be established without government involvement. In case of establishment of local plants five year tax holiday be granted as an incentive. Further, imported products for such establishment should be zero rated from all taxes.

Use Coal reserves found in abundance in Pakistan as a fuel source.



4. Power Generation

Pakistan's power sector is dominated by two vertically integrated giants – the state-owned WAPDA (Water and Power Development Authority) and KESC (Karachi Electric Supply Corporation). Until the recent privatization of KESC, electricity transmission and distribution has been the sole preserve of the state as these two entities control national electricity distribution and generate almost 70% of the country's power. KESC supplies electricity to the city of Karachi and WAPDA, to the rest of the country.

The power sector recorded a marginal increase in installed power generating capacity from 22,176 MW in 2009-10 to 24,295 MW in 2010-11 with an addition of 2119 MW. This includes 420 MW of rental plants, 1,241 MW of IPPs, 298 MW of hydropower, 44 MW of wind power and 115.9 MW from KESC. However, the peak demand (WAPDA+KESC) of the national grid system increased from 20,314 MW in 2008-09 to 22,636 MW in 2009-10.

But, the total energy generation decreased from 96,632 GWh to 93,565 GWh in 2008-09 and more to 64,747 GWh in 2009-10 due to less water release from Indus River System Authority (IRSA) and annual maintenance shutdown of thermal and nuclear power station. System losses in both WAPDA and KESC decreased from 21.2 % in the year 2008-09 to 20.7 % by the end of 2009-10.

i) Allocation and Capacity Building

Due to sharp reduction in gas availability to the power sector, it generated 15.5 billion units less (a decline of 35%) from natural gas in FY2010 than it did in FY2005. Consequently, the share of natural gas in power generation fell from 51% in FY2005 to 29% in FY2010. Concurrently, the share of oil in power generation increased from 16% in FY2005 to 38% in FY2010.

Table 2: Power Generation (Billion Units)

Year end June 30	Generation				Share	
	2005	2010	Change		2005	2010
Hydro	25.7	28.1	2.4	9.4%	29.9%	29.4%
Oil	13.5	36.2	22.7	167.6%	15.8%	37.8%
Natural Gas	43.5	28.1	-15.4	-35.4%	50.7%	29.4%
Nuclear	2.8	2.9	0.1	3.5%	3.3%	3.0%
Coal	0.2	0.1	-0.1	-33.7%	0.2%	0.1%
Import	0.1	0.2	0.2	128.4%	0.1%	0.3%
Total	85.7	95.6	9.9	11.5%	100%	100%

Source: Pakistan Energy Yearbook 2010

As power generation on natural gas is about Rs.8/unit cheaper than on furnace oil (at current prices) a decrease of 15.5 billion units on natural gas translates into annual incremental cost of Rs.123 billion.

Increase gas allocation rather than oil as the fuel for IPPs.

The prospects of onsite power generation in large industrial units should be explored. There is a significant potential for captive power generation in industries like sugar mills.

Cement industry has shifted to coal since last 5 years which is imported mainly from South Africa and Indonesia. If that coal is used by any IPP on the coastal line by using coal fired engine we can generate energy on cheap rates. eg: In Khushab Imperial Chemicals generated 5MW of energy through coal.

ii) Remove Inefficiencies

Thermal plants operated by WAPDA and KESC have abysmally low thermal efficiency rates. Average thermal efficiency rates of WAPDA / KESC thermal power units range between 27-32% while newly installed IPPs have thermal efficiency rates of 51% on natural gas and 45%

on furnace oil.

Table 3: Thermal Generation –FY2010 (Billion Units)

	Units on Natural Gas	Thermal Efficiency	Units on Oil	Thermal Efficiency
WAPDA (Gencos)	10	27%	9.5	30%
KESC	6.1	32%	1.8	31%
IPPs	12	44%	24.8	41%
Total	28.1		36.2	

If WAPDA / KESC's thermal power plants had thermal efficiency rates comparable with those achievable on latest plants, there would not have been any shortage of electricity to begin with. They could have generated about 75% more units on the same supply of natural gas and about 50% more units consuming the same quantity of furnace oil. Country's total power generation could have been higher by 17.5 billion units (18%) in FY2010 had WAPDA/KESC had efficient thermal power plants.

The power infrastructure should be upgraded with a modern efficient grid. Replace WAPDA/ KESC's inefficient thermal power stations by new plants. This could be achieved by setting up new IPPs alongside existing sites of WAPDA's generating units and diverting natural gas from WAPDA Gencos to the new IPPs as they start production. This would yield higher thermal efficiency rates and privatization of power generation.

KESC should be given a deadline of up to 3-4 years for lifting its thermal efficiency rates to acceptable benchmarks for newer plants.

Disposal / sub contracting of inefficient units by WAPDA and encouragement of efficient.

Other Recommendations

- A competitive power market be created through open access to the distribution grids for all power suppliers
- High-voltage power transmission to continue being a government responsibility via the state-controlled NTDC, with open-access for all power suppliers
- Renegotiating concession agreements should be made in a prompt and mutually acceptable commercial atmosphere, free of coercion.
- Minimum specifications for fuels quality in Pakistan be progressively aligned with international specifications
- Capability of local refineries be enhanced through time-bound fiscal support to enable them to

produce better-quality fuels

- Fuel substitution using hybrid solutions - Internationally a great deal of experience exists which shows that long distance transportation of electricity makes little economic sense. For remote markets it is often best to transport the hydrocarbon to the market and then to convert it to electricity.

Conclusion

These are testing times for Pakistan's economy and an overall restructuring in the energy sector is required. The chronic energy crisis has undermined overall economic growth while compounding hardships faced by Pakistan's people. Apart from contending with excess demand as indigenous resources fall short, the expansion of circular debt on corporate balance sheets of the energy sector has resulted in restrained activity in tapping secondary energy sources. The impact of this crisis on domestic industry and its competitiveness is deteriorating the quality of life for the masses.

Energy shortages are creating a profound impact on Pakistan's industrial sector where a policy response now requires a distribution policy based on economic return. The principles of economic return and efficient usage should be used to govern the distribution of domestic energy resources amongst competing users. For a sustainable energy policy, feasible alternatives to furnace oil need to be developed urgently where the potential role of imported gas is unquestionable and the thrust of policy emphasis must be directed towards developing the necessary infrastructure to use imported gas. At the same time, there is an acute need to rationalize tariffs for different users of scarce resources reducing cross subsidization and improve the gas pricing structure to incentivize further exploration and extraction.

All things considered, there is an urgent need for policy overhaul to place Pakistan on a sustainable high economic growth trajectory. This needs both macroeconomic stability and political stability, coupled with a need for reduced government intervention allowing free market dynamics to determine the efficiency and efficacy of allocation. These, complimented with reforms centered on institution building and governance, might just do the trick.

1. This relates specifically to PEPCO.
2. Cellular phones and every set consumes 5 watts during charging.



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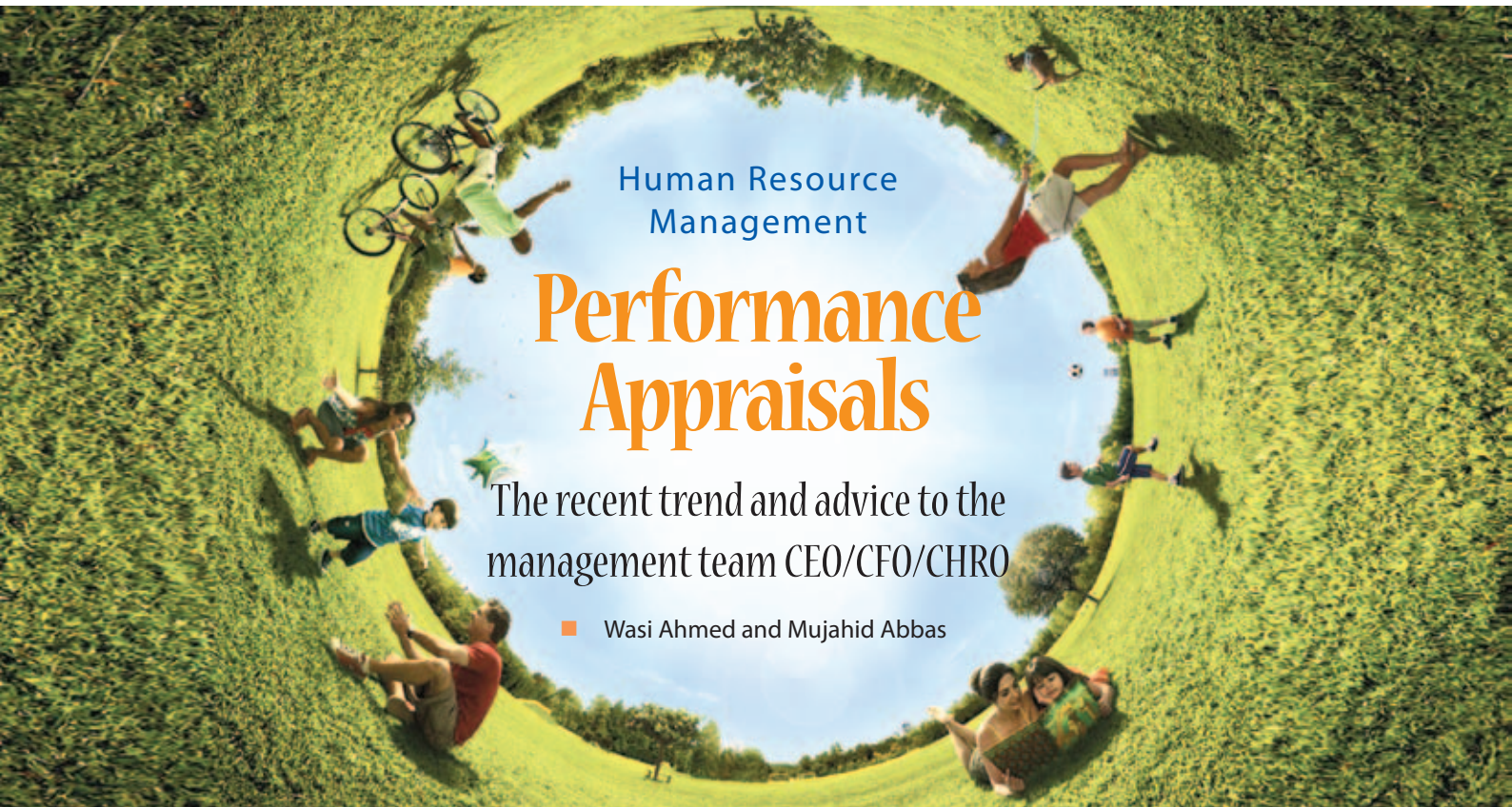
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Most of the dynamic organizations in developed countries have started implementing 360-Degree Staff Appraisal Programme. The 360-Degree means all round. For the evaluation of staff performance under the 360-Degree Staff Appraisal Programme, the employee concerned is at the Central Point and is appraised by all who in one way or the other are connected with the employee whose performance is under appraisal and review. The leading business organizations in Pakistan may also benefit from this idea and can follow this new concept of employee appraisal in one way or the other. The concept of 360-Degree Staff Appraisal seems appealing and excellent as it conforms to the sound Business Ethical Principles that are now claimed to have been adopted all over the world by leading national and multi-national corporations both in public and private sectors. May be the acceptance level or maturity level would differ from organization to organization aiming to adopt the world best practices in Human Resource Management and Staff Development.

It is advised to the senior management team – the Chief Executive Officer (CEO), the Chief Financial Officer and to all the Chief Human Resource Officers (CCHRO) to start implementing 360-Degree Staff Appraisal Programme in their organisation. However it is better to start this programme at the senior level first for employees working in management cadre. If it is successful at the senior level, then try to percolate downwards to middle management and so on and so forth. Higher the Maturity level higher the acceptance level would be for the implementation of 260 Degree Staff Appraisal Programme in any organisation.

Objectives of 360-Degree Staff Appraisal Programme:

Like other HR Staff Appraisal Programme, the objective of 360-Degree Staff Appraisal Programme is to evaluate an employee by all the officials whoever connected with him in whatever capacity on the job for his Attitude as well as for his Job Performance. These inter alia, include the following:

1. To have an efficient evaluation system of employee performance which should aim to nullify completely or to mitigate to a large extent biased approach in staff appraisal
2. To view a person at different angles and utilize the results of same for growth and development of staff and the organisation.
3. To have a consistent behavioural approach and job performance for improving the quality in performance

Evaluating an Engineer – a case in point

Deciding About Attitudinal Traits:

Before designing a 360-Degree Staff Appraisal Programme, we need to decide what are the Attitudinal Traits and Job performance characteristics that are required at each level when the person is evaluated. For example, an Engineer is evaluated by his Manager, Workmen, and lateral Level of functional officials, customers or vendors and so on and so forth.

Management Expectations:

Like in all cases the senior management, the Chief Executive and the Chief Human Resource Officer should always remain focused on the following:

1. Value Addition
2. Scope for Development
3. Result-oriented
4. Adherence to Ethical and Business Principles of the organisation

Manager expects from his Engineer the following:

1. Organisation Culture practices
2. Value Addition by control of Man, Material, and Machine Time, Training
3. Continuous Improvement on Work Methods, Data Control, Safety at Work, etc.
4. Effectiveness of Communication on work execution, MIS system, etc.
5. Leadership Skills like Personality, Attendance and Punctuality, Team Work, etc.
6. Time Planning
7. Stress Control
8. Scope for Development
9. Learning Skills
10. Training Needs

Lateral Level Departments expect:

1. Co-ordination
2. Communication
3. Team Work
4. Sharing Knowledge
5. Flexible Approach
6. (Can be added as per Job Details)

Down-Line Personnel expect:

1. Personal Hygiene, Cleanliness and Personality
2. Attendance and Punctuality
3. Team Work
4. Communication
5. Training, Coaching and Mentoring
6. Concern for their developments
7. Sharing Knowledge and Skills
8. Listening Skills

Customer or Vendor Level Expect:

(Wherever applicable)

1. Corporate Culture
2. Effective Communication through information and product knowledge
3. Flexible Approach
4. Follow-up Attitude
5. Listening Skills

Self Level Expect:

1. Knowledge
2. Job Satisfaction
3. Training Needs
4. Problems that were prevented him to perform
5. Positive Points that contributed to his Job Performance
6. Suggestions for Improvement
7. Suggestions for Welfare
8. Intra and Inter-personal relationships (All three levels viz. upward, horizontal and down level)
9. Needs if any of infra-structure facilities
10. Suggestions for Organizational Growth overall

I have given some examples only. If you design your organization to follow 360 Staff Performance Appraisal Programme, you need to decide properly the Job Details,

Attitude Details and Levels by whom the concerned staff is to be evaluated.

Frequency:

The frequency for 360 Degree Staff Appraisal Programme may be Annual/Half-yearly/Quarterly/Project-wise/Target-wise.

Format Design:

It can be a single format starting from Down Level as follows:

- Level 1 By Sub-ordinates
- Level 2. By Co-ordinating Departments/ Officials while executing a job
- Level 3 By Vendors/Customers (if applicable)
- Level 4. Self Appraisal
- Level 5 By HOD (will refer all levels upto 5)
- Level 6. By APPROVING AUTHORITY (will refer comments of all levels)

Important Instructions:

1. If you design a one single format, arrange the comments in such a way i.e. starting from down level to top-level.
2. Separate the forms of Customers/Vendors and Self Appraisal.
3. It is better to have separate Format at each level to avoid influences.
4. All comments be kept confidential.

Ratings:

Rating should always be NUMERICAL only. In such a way, you design the Behaviour/Job Performance Descriptions.

For example:

Job Performance:

Rejections (as per allowed terms) – Nil - 100% - Excellent –Rating is 5. If achievement is 90%-100% - Very Good-Rating can be 5–4. 80% to 90%, Good-Rating can be 4–3.5 and so on

Customer Complaint:

If it is Nil – Rating is 5 and so on

Planning:

Successful execution as per Planning – Rating is 5 and It gets reduced as per ratings of the Execution.

Attitudes:

HR Manager must know the skill by giving ratings to Attitudes also. For this first define the Job and Staff who is executing. You give expected level as Rating 5 and so on the Performance or Achieved Level. The difference will give you the TNI (Training Need Identification) .

Conclusion:

Success of implementation of 360 degree appraisals depends on the effectiveness of role of the chief executive and the management team. It is not an easy task to implement and maintain 360-Degree Appraisal system. For this purpose, you have to train all your personnel whoever involved in executing the 360-Degree Appraisal Programme. In the initial stage, you make use of out-side Consultants' help and expertise.

Integrated Reporting: A Paradigm Shift in Communicating Values



■ Muhammad Ali, ACA

Businesses today face heightened expectations around their role in society and the world with turning a profit only one of many criteria by which performance is measured. Rising importance is the impact a Company has on its stakeholders, society and even the planet. Hence it makes me pose a fundamental question which we need to address is **“for what purpose does a corporation exist?”** Is it to maximize value for shareholders, regardless of its impact on other stakeholders and the environment? Or is its purpose to represent all of society’s stakeholders in as balanced a manner as possible? We must remember that Company’s reporting practices are a representation of how it sees itself and its role in society. We need to think that what should corporate reporting say about Company?

Corporate reporting has never been easy or simple, especially these days as stakeholders are demanding greater insight into how the business creates and sustains value (both today and looking to the future). Investors are becoming increasingly vocal about reporting to provide a fully transparent view of a Company’s health and prospects. The old form of annual reports of companies focus primarily on financial information and the short term horizon as tends to be backwards looking review of performance and does not provide enough relevant information for decision making today.

It comprises of statement of financial position, statement of comprehensive income and the accompanying directors’ report together outline the company’s performance. It is often cited as having undue focus and commitment of effort on financial aspects of business. We must not forget that the annual report’s primary purpose is to provide investors with information that is useful for making their resource allocation decisions and assessing management’s stewardship. Until the last few years, typical historical, backward looking financial reports were widely used and relied upon for much of the decision making among executives, analysts, investors and regulators. But financial information alone is not the only indicator of a Company’s true performance, as users / stakeholders find value in non financial information.

Too few companies have cut through the historic clutter and the short term financials to create a strategic picture of the business that is informative and convincing. However, in past decade a shift has occurred in how companies report on the impact it has on their stakeholders. External corporate reporting has evolved from the simple financial reporting of profits and losses, assets and liabilities, to give more information about how organizations are managed and conduct their business. In parallel, a separate strand of reporting has emerged under the **“Corporate Social Responsibility”**

(CSR) banner. This change has embraced information on governance as well as non-financial information on environmental and social performance. An early incarnation on environmental reporting took hold in 1980 for variety of reasons in wider context of discharging corporate responsibility as it was believed that corporate social responsibility reporting has become the de facto law for business. Since then corporate reporting has evolved to include sustainability information on the economic, social and environmental performance of an organization. Around the world, more companies are releasing sustainability performance information, either through annual sustainability reports or an equivalent document or even in a separate section in the corporate financial reporting process. The later approach is best classified as 'combined reporting'. While corporate responsibility reporting was broadly considered an 'optional' activity only a few years ago, more organizations are now generating CSR or Sustainability Reports to meet rising stakeholder demands for greater accountability, transparency and accuracy in assessing parts of the business that are not necessarily financial, but which contribute to the overall value of the Company.

Decades after the first environmental reports produced, standardization in this area still remains elusive. The closest thing to uniform sustainability reporting framework is the Sustainability Reporting Guideline ("GRI Guidelines") by the Global Reporting Initiative (GRI) which is by far the most used sustainability reporting framework the world over and considered as to be the de facto standard. However, such reports fail to connect environmental, social, and governance issues to business strategy and financial performance. Sustainability reporting - often appeared as stand alone silo not hard wired into business thinking rather "stapled" to Company's annual financial reports. As a result, mainstream analysts, investors and other stakeholders tend not to use sustainability reports in their evaluation of corporate performance.

The Global Reporting Initiative (GRI) is a network-based organization that developed a widely used sustainability reporting framework. The GRI's Reporting Framework, together with the accompanying Sustainability Reporting Guidelines provide guidance on how organizations can disclose their sustainability performance. The guidelines are currently in their third generation ("G3.1"), with work commenced on the fourth generation guidelines ("G4").

Significant effort being committed by many companies to their reporting yet the end result is often unconvincing, lacks cohesion and critically leaves too many questions unanswered. When reports have substance, they are read and have an impact on decisions. Corporate reports are already long and are getting longer (full of clutters) with significant increase in compliance

burden for the organization to prepare but yet failed to deliver meaningful information to stakeholders. The sheer quantity of financial and non financial disclosure have become so excessive that it has diminished the overall value of these disclosures. The volume and complexity of financial disclosure information in annual reports and other financial statements has grown significantly, creating a dilemma for investors seeking to make investment decisions. Some users of financial information seem to have an insatiable appetite for more information. Others observe that finding the truly significant information among the volume of routine and otherwise uninformative information is a challenge. It's both a problem with lack of granularity; but also a problem with sometimes providing so much granularity that you can't see the wood for the trees.

The reason for such failure is because reporting has evolved in separate, disconnected strands, critical interdependencies between strategy, governance, operations and financial and non-financial performance are not made clear. Further providing meaningful, effective disclosure does not simply mean more disclosure. Because of information overload, in some cases, more disclosure can mean less effective disclosure. An "everything-including-the-kitchen-sink" approach is more likely to confuse and obfuscate, rather than illuminate.

Financial reporting has a relatively long history and reliability (there are fairly well-established standards for accounting and measurement) as a result, the market places trust and credibility in financial information as indicators and predictors of performance. Contrast this with the area of sustainability report (or ESG practices) a nascent area, the domains of sustainability report are not very well understood. There is currently no established global framework or reporting standard for sustainability report. In fact there are so many competing frameworks that it is akin to total chaos in picking which framework makes most sense. Without a clear framework and standard, there is also a severe lack of comparability and an understanding of what is good vs. bad ESG performance. The lack of a common 'lingua franca' around a generally accepted sustainability reporting standard presents a significant obstacle in evaluation of effectiveness of Company's performance in that front. After all, can you truly manage that which you don't fully understand or that around which you do not have universal agreement? As a result, the general market places less trust in sustainability information than financial information today.

For some years now, leading companies have combined their Corporate Social Responsibility (CSR) /

Sustainability / Environmental reporting and financial reporting, often by merging the two into the annual report (often described as combined reporting). And while this has been a valuable stepping stone in building a holistic understanding of how CSR /SR impacts the business, greater value will be gained once both sets of information are treated as part of the Company's comprehensive business performance reporting, both to internal management and external stakeholders. The increasing length and complexity of reports may militate against presentation of a clear, coherent and relevant picture of the business. Are we about to witness an evolution in narrative reporting? Transformation in corporate reporting is order of a day and tomorrow: from a focus on financial information to a concept where all types of relevant information for assessing and evaluating a Company's quality, performance, value and impact are reported in a comprehensive way. Business these days is seen more than ever as the agent of a wide group of stakeholders. This wider accountability implies that companies have to fulfill the (information) needs of those who provide them with economic resources. Reporting is aimed at informing interested stakeholders about performance achieved against targets, the vision and strategy adopted to serve the stakeholders' interests, and other factors that can influence business performance in future.

The time is right to take steps to change the mainstream reporting model (replace existing model) and reflect interconnected nature of (Environmental, Social and Governance) ESG issues to strategy and financial performance.

In the face of this narrative reporting revolution or perhaps should say evolution a "Connected Reporting Framework" was developed by the Prince of Wales' Accounting for Sustainability Project which takes new approach to corporate reporting to essentially show the connection between the organization's strategic objectives, the industry, market and social context within which the business operates, the associated risks and opportunities it faces, the key resources and relationships on which it depends, and the governance, reward and remuneration structures in place. Further, it aims to explain the connection between delivery of the business's strategy and its financial and non-financial performance. From there the concept of Integrated Reporting come to the fore. Many believe that integrated reporting is the way forward in corporate reporting. "Integrated reporting" is providing one report that fully integrates a Company's financial and non-financial (including environmental, social, governance, and intangibles) information. Integrated Reporting demonstrates the linkages between an organization's strategy, governance and financial performance and the social, environmental and economic context within which it operates. However, integrated reporting is far more than simply combining

a financial report and a sustainability report into a single document. Connectivity of information to show not only that there are environmental or social issues out there, but why they connect to the business strategy. An integrated report should comprise one narrative, rather than two or three different perspectives artificially stitched together into one document. The term Integrated Reporting accurately describes a core concept – the integration of a traditional annual report and a sustainability report into a single document.

Integrated reporting is more than just a collection of statements covering corporate strategy, business and financial results, environmental, social and governance issues. An integrated report provides a strategic picture of a business that explains how a business creates and sustains value now and in the future. It recognizes that meaningful reporting must include stewardship of more than just financial capital and will include stewardship of natural, social or other forms of capital, where these are material to the business. This kind of report should offer a more complete, and cohesive picture of a company's performance and prospects. Integrated reporting is connecting **material financial and non-financial information** in a meaningful way so as to report on their total performance and not just their financial performance.

Integrated reporting in its simple meaning is to move corporate reporting from having separate financial and sustainability reports to having a single report. It is about integrated reporting, not about one integrated report. The 'ing' here is very important: it refers to the dominant opinion that it is not about one report. Integrated reporting is different from simply combining the annual report with CSR information. It is the integration of financial and non-financial information into a single document.

Achieving truly integrated reporting is far more than a technical exercise. It is not about combining two reports i.e. financial report and non financial report i.e. CSR / Sustainability report but it is more than that. It is about breaking the silo thinking and bringing the whole sense of business together in one integrated framework. It is challenge to mesh two fundamentally traditions of corporate disclosure—financial reporting (FR) and sustainability reporting (SR)—that embody distinctly different definitions of the nature of the organization. On the side of FR is the view that an organization is a "nexus of contracts" among boards, managers, employees, suppliers and other actors whose core purpose is maximization of returns to investors. On the side of SR is a broader concept of an organization defined variously as: a community of interdependent stakeholders who come together to create value as a collectivity. Integrated reporting is an embryonic management practice whose meaning is not yet well defined. 'Integrated reporting'

is the talk of the town yet it is very difficult to find two people who can agree exactly on what it means.

In the absence of generally accepted framework, companies that wish to move towards integrated reporting may encounter several dilemmas around relevance, scope, assurance and other issues. The usefulness reporting can be enhanced through the use of an accepted framework that clarifies the assumptions, principles, scope (boundaries) and offer structure, guidance and direction. Frameworks are well established in other realms of business (i.e. IFRS or US GAAP for financial reporting and Internal Control-Integrated Framework by COSO), however no, global, common framework exist for corporate reporting. The International Integrated Reporting Council (IIRC) (previously the International Integrated Reporting Committee) was established in 2010 and aims to create a globally accepted framework for accounting for sustainability, bringing together financial, environmental, social and governance information in an "integrated" format. IIRC has issued a discussion paper which intends to create a concise, clear, comprehensive and comparable integrated reporting framework structured around the organization's strategic objectives, its governance and business model and integrating both material financial and non-financial information. The Integrated Reporting Framework created by the IIRC is the first international framework for Integrated Reporting. A pilot program has been launched by IIRC where the principles and practicalities of Integrated Reporting will be tried and tested, to support the creation a new global standard in Integrated Reporting.

"The IIRC serves an essential role in convening key stakeholders to work towards building a framework that merges corporate financial and sustainability reporting. With global trends such as climate change, scarcity of materials and energy security, sustainability reporting has become an integral part of many companies' business and performance. The time is right for an agreed framework that will help drive consistency and comparability in sustainability reporting and provide an internationally accepted basis for reporting of non-financial and financial information."
- Tim Flynn, Former Chairman, KPMG International

Reporting to stakeholders is in a transitional phase. No longer is financial reporting standing on its own, nor is sustainability reporting satisfies the objective of corporate reporting. We lost trust of from society and we live in a time in which business leaders are often trusted even less than politicians. One way is to introduce progressive ideas and practices that demonstrate to the world we care about more than profits. It's not that profits aren't important; no business survives without making profits. But that goal isn't incompatible with other societal priorities.

Concluding remarks

Integrated Reporting (IR) is the way forward in corporate reporting. But we must not fall prey to including every disclosure in the annual report, regardless of the materiality or importance of the item to the long-term success of the business or to decisions that might be made by investors. However integrating reporting 'for the sake of integrating' is set to fail and disappoint stakeholders. Integrated Reporting is integration of financial and non-financial information into a single document and breaking the silo thinking. However, there are considerable differences of opinion over the underlying rationale; the type of non-financial information that should be included and how the latter should relate to financial data. Integrated reporting should not simply be seen as the inclusion of more non-financial information in the Annual Report (for example, in an enhanced Corporate Responsibility section). Instead, integration should attempt to explain how a wide range of different issues – financial and non-financial – are managed by the business to deliver its strategy and stated objectives. Many believe that Integrated Reporting moves beyond today's common "elephant view" of individual company financial attributes toward a more comprehensive assessment of company value and performance and addresses a broad range of financial, social and strategic disclosures. By standardizing disparate information sources, financial executives can eliminate the narrow perspectives of the elephant and the blind man parable and "see" beyond merely information silos or reports. Integrated reporting is already a legal requirement in South Africa where listed companies must abide by the King III Code on Corporate Governance which takes comply or explain provision i.e. listed companies provides an annual integrated report in addition to audited financial and sustainability report or explain why they are not providing the report. Further numerous other government and regulatory bodies including European Commission are considering its implication for the development of the reporting model.

"The inevitable outcome of the failure to integrate sustainability as a strategic business issue in financial reporting is that businesses and investors continue to make investments that are bad for the environment, society and ultimately their own bottom line. A migration of sustainability from the periphery to the mainstream is an essential next step in driving corporate development paths in ways that sustain the earth's environment and its capacity to support humanity."

- Janet Ranganathan, Vice President for Science and Research, WRI

Anti-Corruption / Anti-Bribery Pakistan

What Does It Mean for Members and Clients of the Institute of Chartered Accountants of Pakistan (ICAP)?

■ Sulaiman Afzal, FCA

Part I: Pakistan as a Muslim Nation and What Quran Says About Bribery

Pakistan is predominately a Muslim nation. Muslims believe that God is one and incomparable and the purpose of existence is to worship God. Muslims also believe that Islam is the complete and universal version of a primordial faith that was revealed at many times and places before, including through Abraham, Moses and Jesus, whom they consider prophets. Muslims maintain that previous messages and revelations have been partially changed or corrupted over time, but consider the Qur'an to be both the unaltered and the final revelation of God. Religious concepts and practices include the five pillars of Islam, which are basic concepts and obligatory acts of worship, and following Islamic law, which touches on virtually every aspect of life and society, providing guidance on multifarious topics from banking and welfare, to warfare and the environment.

What does Islam say about bribery? Let us look at what Allah Almighty said in the Quran.

(The Noble Quran, Surat Al-Baqarah Chapter #2: Ayat #188 & 168-169)

وَلَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ وَتُدْلُوا بِهَا إِلَى الْحُكَّامِ
لِتَأْكُلُوا فَرِيقًا مِّنْ أَمْوَالِ النَّاسِ بِإِلَافٍ وَأَنْتُمْ تَعْلَمُونَ ﴿١٨٨﴾

(Ayat # 188 "And do not Eat up your property among yourselves For vanities, nor use it As bait for the judges, With intent that ye may Eat-up wrongfully and knowingly a little of (other) people's property".

Even though the exact term «bribe» or «bribery» (Rishwah in Arabic) didn't exist 1400 years ago in the Arabic language, but this Noble Verse is sufficient enough to cover this topic.

As we clearly see from the above Noble Verse, Allah Almighty prohibited us from using our property or money (as we call it today) as a «bait» to «Eat up wrongfully and knowingly» what doesn't belong to us, or what we don't deserve.

What Allah Almighty talked about in the Noble Verse above is exactly what we refer to as «bribery» today.

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ
الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُّبِينٌ ﴿١٦٨﴾

(168, O mankind! Eat of that which is lawful and good on the earth, and follow not the footsteps of Shaytan (Satan). Verily, he is to you an open enemy.)

إِنَّمَا يَأْمُرُكُمْ بِالسُّوءِ وَالْفَحْشَاءِ وَأَنْ تَقُولُوا عَلَى اللَّهِ مَا لَا نَعْلَمُونَ ﴿١٦٩﴾

(169. He (Satan) commands you only what is evil and Fahsha' (sinful), and that you should say about Allah what you know not.)

Part II: Key sectors affected by corruption in Pakistan and recent diagnostic material. Source U4 Help Desk Query: <http://www.u4.no/helpdesk/helpdesk/queries/query43.cfm>

To fully respond to the question as to which sectors are most affected by corruption, both quantitative (through diagnostic material) and qualitative (through reports and direct questioning of international and national experts) sources have been consulted. Nevertheless, it is worth bearing in mind that some of the reasons that particular sectors are highlighted more often than others are due not only to objective merits but also to the facts that i) there is more research and survey work done in those areas and ii) public perception and awareness seem to be more vocal as regards those areas. Thus, the exercise of highlighting some of the sectors should be read with the knowledge that corruption in Pakistan seems pervasive across most sectors. With that in mind, it is safe to say that expert sources indicate that the following sectors are among those most affected by corruption (the particular order varies from source to source):

- Police and law enforcement
- Judiciary and legal profession
- Power sector
- Tax and customs
- Health and education
- Land administration
- In addition, Public Procurement seems to be a major concern across most sectors

These sectors seem to be affected by chains of:

- Petty corruption to access public services or to bypass the law (through the direct interaction of citizens with the respective authorities and bribe-paying)
- Middle and grand corruption (through corruption in public contracting and procurement as well as direct misappropriation of public funds by senior officials).
- In addition, political patronage, conflicts of interest, influence peddling and other forms of corrupt behavior are commonplace across the sectors.

Financial oversight bodies: The Supreme Audit Institution of the country (the Auditor General's office) is trying to reform itself by following international best practices, such as those of the International Organization of Supreme Audit Institutions (INTOSAI), as part of its reform agenda. It has been noted that there seems to be some progress in reorganizing the department with a view to adopting modern techniques of audit and reporting formats. It has initiated a capacity building program under the project to improve Financial Reporting and Auditing (PIFRA). Some of the other reform efforts include the design of

diagnostic tools, such as a "Financial Government Rating Index (FGRI)" and an "Internal Quality Rating (IQR) for its departments, etc.

Judiciary and legal profession

There is widespread lack of public confidence in the institutional legitimacy of the justice system. Access to justice and the rule of law are undermined by corruption and are under a threat. Alongside, low ethics of lawyers and poor controls of the bodies (such as the Pakistan Bar Council) responsible for maintaining the high standards that should be required of it.

This article explores two international regimes (USA and UK) and how these nations have implemented global anti-corruption and anti-bribery legislation.

Part III: United States – Foreign Corrupt Practices Act (FCPA)

The United States was the first nation to outlaw the payment of bribes to foreign public officials that were intended to "obtain or retain business" for the company offering the inducement. With the Department of Justice's global reach and an increasingly robust enforcement program, the United States Foreign Corrupt Practices Act (FCPA) has prompted many if not most multinational commercial organizations, including many global financial institutions, to adopt FCPA compliance programs that include anti-bribery policies and procedures, staff training, vendor due diligence and program audits. Companies that have been investigated for or charged with violating the FCPA have paid very significant sums as a result of settlement agreements or following conviction. In recent years, the Department of Justice has placed a new focus on the prosecution of corporate officers seeking imprisonment for violations of the Act. FCPA is exclusively concerned with the bribery of foreign public officials (there being a host of other criminal offenses that cover the bribery of U.S. public officials at all levels of government). The FCPA defines a "foreign official" as any officer or employee of a foreign government, a public international organization, or any department or agency thereof, or any person acting in an official capacity on behalf of a foreign government.

The FCPA's has two key mechanisms:

1. Anti-bribery Provisions
2. Accounting and Record-Keeping Provisions

ANTI-BRIBERY PROVISIONS

- Proof of Intent Always Required
- Criminal Violations – 5 Years
- Similar to International Conventions
- Applies to U.S. persons anywhere – nationals and domestic concerns
- Applies to Issuers But Not Foreign Subsidiaries
- Applies to anyone in U.S.

ACCOUNTING AND RECORD-KEEPING PROVISIONS

- ▶ For Civil Violations – No Proof of Intent Required
- ▶ Criminal Violations – 20 Years
- ▶ Not Part of International Conventions
- ▶ Limited to Foreign and Domestic Issuers
- ▶ Foreign Subsidiaries of Issuers – (50% or more control)
- ▶ Much Easier To Prove Than A Violation Of The Anti-Bribery Provisions
- ▶ Civil Enforcement - No Intent Required
- ▶ Provides Almost Unlimited Jurisdiction For SEC To Address Problems After-The-Fact
- ▶ No Materiality Requirement
- ▶ Inaccurate Description or Amount Can Be a Basis for a Violation
- ▶ Even a De Minimis Amount Can Be a Basis for a Violation
- ▶ Permissible Facilitating Payments Could Be The Basis For A Violation If Not Properly Described
- ▶ For Prosecutors, Proving An Inaccurate Record Relating To An Improper Payment Is Much Easier To Prove Than A Foreign Bribe.

Part IV: The United Kingdom Bribery Act (UKBA)

The U.K. Bribery Act 2010 is a Model of Brevity (the Text of the Legislation is a Mere 13 Pages). First, the Act establishes three new criminal offenses:

- ▶ Bribing another person;
- ▶ Being bribed; and
- ▶ Bribing a foreign public official.

Under the UK Bribery Act, a “foreign public official” includes officials, whether elected or appointed, who hold a legislative, administrative or judicial position of any kind of a country or territory outside the U.K. It also includes any person who performs public functions in any branch of the national, local or municipal government of such a country or territory or who exercises a public function for any public agency or public enterprise of such a country or territory, such as professionals working for public health agencies and officers exercising public functions in state-owned enterprises. Foreign public officials can also be an official or agent of a public international organization, such as the UN or the World Bank.

The Bribery Act goes further by including the bribery of private persons employed by or serving as an agent of a private company. This feature is akin to U.S. commercial bribery laws which are a common feature of most state penal codes. So while the FCPA does not criminalize commercial bribery, this is because it is an offense already recognized at the State level.

Bribery is defined by the Bribery Act as being the offer, promise or giving of an advantage to another intending

that it should induce the improper performance of a relevant function or activity or to reward such improper performance. In other words, for both the bribery of a public official as well as an employee of a private company, the intention to influence must concern the improper performance of some function or activity affecting the official's or private person's government or company. This definition is not significantly different than that contained in the FCPA, which prohibits “any offer, payment, promise to pay, or authorization of the payment of money or anything of value to any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a foreign official to influence the foreign official in his or her official capacity, induce the foreign official to do or omit to do an act in violation of his or her lawful duty, or to secure any improper advantage in order to assist in obtaining or retaining business for or with, or directing business to, any person.”

The Bribery Act definition of bribery limits the “intent” component, i.e., the requirement that the offer, advantage or payment be for the purpose of obtaining or retaining business for the company or person responsible for the bribe, to the bribery of public officials. This is consistent with the FCPA's definition of intent (where the entire scope of the law is limited to the bribery of public officials).

The Act does not include “books and records” or “internal controls” provisions, nor does it make the violation of the Act a predicate offense for a money laundering prosecution. This could serve to limit the “collateral” reach of the Bribery Act both as an enforcement tool and a deterrence measure.

Clearly the most controversial provision of the Bribery Act is defined in Section 7, which establishes a new corporate offense of Failing to Prevent Bribery. Simply put, if “a person associated with” a covered “commercial organization” bribes another person “intending to obtain or retain business or an advantage in the conduct of business for” the commercial organization, then that company is guilty of an offense and subject to unlimited fines and other sanctions.

This provision is extraordinary for several reasons. It creates a form of criminal liability for corporations doing business in or through the U.K. with an extra territorial reach that did not exist before. Under the Act, any company, no matter where it is incorporated or located is subject to prosecution under Section 7 if it “carries on a business or part of a business, in any part of the United Kingdom”.

Section 7 establishes a low burden of proof for the Crown while shifting a considerable burden to the corporate defendant, except that it includes an unusual defense, to wit: if a company can prove that it had “in place adequate procedures designed to prevent persons associated

with" the company from engaging in the bribery of foreign public officials.

How does a company go about proving that it has adequate prevention procedures?

Adequate Procedures: There are six non-prescriptive principles which are intended to help organizations put in place policies and procedures to prevent bribery by persons associated with them. The Guidance recognizes that smaller commercial organizations may not need sophisticated procedures given the nature and size of their business, whilst at the same time acknowledging that the size of a business should not be the only factor considered; procedures should be proportionate to the risks faced by an organization. The Guidance recognizes that bribery risks will vary depending on the jurisdiction, business sector, business partners and transactions involved in each particular case.

The six principles are:

- (i) **Proportionate procedures** – put in place by organizations should be proportionate to the bribery risk that the organization will face. As noted earlier, risk will vary depending on the jurisdiction, business sector, business partners and transactions the organization undertakes;
- (ii) **Top level commitment** – top level management should be committed to the design and implementation of appropriate risk assessment and bribery prevention procedures;
- (iii) **Risk assessment** – bribery risk assessment that is proportionate to the organization's size and structure, and the scale, nature and location of an organization's activities. Risk assessment should evolve as the organization evolves and changes i.e. when the organization moves into a new territory such as the Middle East;
- (iv) **Due diligence** – organizations should carry out due diligence proportionate to the level of risk associated with persons who perform or will perform services on behalf of the organization. This is of particular importance where local law requires the use of local agents in certain commercial organizations, as is the case in many countries in the Middle East;
- (v) **Communication** – organizations should ensure its bribery prevention policies and procedures are clearly and effectively communicated both within the organization itself and externally. Regular training should be undertaken;
- (vi) **Monitoring and review** – as with risk assessment, the bribery prevention policies and procedures should evolve and adapt to the changing nature, scope and location of the organization's business.

UK Bribery Act Summary

What is certain is the fact that UK prosecuting authorities intend to actively prosecute overseas corruption and that the fines for such corruption will be similar in level to the substantial fines already imposed by US authorities under the Foreign Corrupt Practices Act (FCPA). UK citizens/commercial organizations and non-UK commercial organizations operating internationally need to be acutely aware that they might be doing business in a region that has a high bribery risk and the potential liability that may follow that risk under the Bribery Act. Those affected should immediately implement an extensive bribery risk assessment to facilitate the implementation of bribery prevention procedures that are appropriate to the size, nature and scope of their international operations.



Part V: Role of the Institute of Chartered Accountants of Pakistan (ICAP) and Its Members for local and international Anti-Corruption & Anti-Bribery:

As part of its 50th Jubilee Celebrations, ICAP and its members should understand the role of the accountants and auditors in jurisdictions of UK and USA. Based on these findings, guidance can be developed for auditing and reporting requirements relating to local and international bribery payments. This guidance should cover the following type of institutions:

- ▶ Foreign Companies with local presence (subsidiary, branch, joint venture, etc.)
- ▶ Pakistan Public Corporations listed on local Stock Exchanges
- ▶ Pakistan Privately-Owned Companies
- ▶ Pakistan Not-For-Profit Entities

- ▶ Pakistan Government Sector Entities
- ▶ International and Multilateral Entities

The greatest challenge for ICAP and its members will relate to education and communication of these anti-corruption anti-bribery auditing and reporting standards. In order to provide local and international cost-effective education and communication to its members, ICAP and its members can consider the use of technology (webcasts, distant learning etc.). These workshops can be supported by ICAP, the Pakistan Bar Council, Pakistan Stock Exchanges and other professional and governmental agencies in Pakistan (SECP, etc.). Below are some guidelines on how to plan workshops in 2012 and beyond for the Pakistan private and public sectors:



Part 1 – Training - Learn where the areas of biggest exposure are and gaining true buy-in for ethical behavior

- ▶ Discover the “symptoms” or general characteristics of a corrupt employee
- ▶ Demonstrating what a comprehensive training and governance program looks like
- ▶ Interactive role playing to educate and learn from staff on ethical practice – examples of workshops to use for different industry sectors in Pakistan
- ▶ Tailoring facts and examples properly and presenting information effectively
- ▶ How often should you train and what language do you use to be most effective?
- ▶ Training employees who do not like conflict on how to resolve situations where they have to say no to corruption
- ▶ Giving clear, firm guidance so people don’t have to make many “judgment calls” and creating

specific rules and cultural guidance for local conditions in Pakistan

- ▶ Cost and resource effective techniques to train a large workforce in Pakistan
- ▶ Pinpointing the most effective penalties to deter employees from engaging in bribery in Pakistan and abroad
- ▶ Using your networks and informal blacklists to ensure you don’t hire a trouble-maker
- ▶ How can you tell when the training isn’t getting through or isn’t working – how do you adapt your strategy?
- ▶ Corrective and disciplinary techniques that is legal under Pakistan and individual company’s policies and procedures.

Part 2 – Monitoring – ensuring unethical practices are spotted and stopped in real life

- ▶ Outline of what works when you are monitoring frontline employees and third parties
- ▶ Benchmarking your monitoring strategy against leading practices employed in Pakistan
- ▶ Pinpointing the Pakistan specific issues you need to consider
- ▶ Getting buy-in from your audit department to help with monitoring and making sure that you give them the resources that they need to identify and flag potential problems

About the Author

This article has been written by Sulaiman Afzal in loving memory of his late father Mohammed Afzal (Rehmat-Ullah-Ala’a).

Sulaiman Afzal is a fellow of the Institute of Chartered Accountants in England & Wales (ICAEW) and a fellow of ICAP. He qualified as a chartered accountant in 1969. He has over forty years of international experience ranging from public accounting (Ernst & Young), Commercial and Investment Banking (The National Commercial Bank and Morgan Stanley). Mr. Afzal is currently based in the United States.

Mr. Afzal has been involved in US publically-owned corporations which are subject to the auditing and reporting requirements of the US Sarbanes Oxley Law, US Foreign Corrupt Practices Act (FCPA).

DILEMMA OF OUR TIMES

■ Saira Shamsie, ACA

Consumerism a Social Evil - Myth or Reality

Karachi evolving through the years has seen many changes in its façade. Over the last two decades the most visible change in the infrastructure with the sprawling bridges are the malls sprouting like mushrooms at every corner.

In spite of the slow economic growth, high inflation, around thirty five percent of the population living below the poverty line in Pakistan, there is a boom for consumerism. Malls are flaunting foreign franchises and brands, from food, clothing, and foot wear, furniture, food chains, you name it we have it.

As we have stepped in to the 21st century we have embraced consumerism with our heart and soul. Our life styles revolve around brands and more so foreign brands representing global icons. Globalisation and the media revolution have been the key drivers to promoting consumerism.

Today there is a drastic shift away from values of community, spirituality, and integrity, and toward competition, materialism and disconnection.

The Impact

With a growing Government deficit, limited forex reserves, dwindling exports, spiral growth in imports – these are factors that do not help the economy in the long run. Increased imports damage the local industry, with time our cottage industry has been shrinking practically into non existence.

Imports increase the burden of payments. Many measures have been taken in the past by classifying imported consumer goods as luxury items and levying duty at higher rates. Still there is a trend of spending as in contrast to saving.

Each day the gap between the have and have not's is widening. With the multiple challenges being faced by the economy some of the main socio economic issues are unemployment, high cost of staple basic food items like flour, sugar, milk etc.

MEASURES

We do not need to adopt the Dubai model, as the backbone of our economy is agriculture and to a lesser extent the manufacturing sector. There is a need for investing in developing the industry and infrastructure for

Learning from the neighbors

India in its 2011-12 budget has come up with the concept of 'National Food Security Bill'. The government favours direct investment in household food security. It proposes fundamental reform of the long established Public Distribution System (PDS) which offers 180 million poor families the opportunity to purchase food grains at highly subsidised prices.

The bill proposes to issue coupons direct to below the poverty line families. The intention is to bypass the corruption and fraud within the PDS distribution system which may misdirect up to 70% of its resources.

Influenced by the principle of the right to food, there is much debate over the amount of the food entitlement and also whether the scheme should become universal. This would overcome the inherent unfairness between those families who are just above of the poverty line and those just below. This is a measure proposed to curb food inflation in the short run.

supporting the growth of the same. Incentives and an enabling environment are needed for attracting local and foreign investment. Reviving the ailing textile, cement industry and setting up new projects for agri products and other industry is the step for controlling unemployment.

As we know unemployment leads to an increase in crime and frustration. We as a developing economy have one of the best assets - our large young population. Nearly 60% of the population is below the age of 25. Need of the day is to invest, mould and utilize our asset. There is need for focusing on educating the youth both in technical and traditional learning. Schemes need to be introduced to give scholarships and train the deserving candidates who lack opportunities and resources.

To translate ideas in to effort you need vision and focus. Much has been already debated on the socio-economic problems of our country, now is the time for all of us to walk the talk.

Private Sector Initiative - A Ray of Hope

It is crucial to invest in quality secondary and tertiary education and in vocational training, if Pakistan wants to ensure the welfare of its growing population.

The Hunar Foundation (THF) Technical Institutes - Is a large scale technical program, with a growing network of institutes. Its vision is – to skill the motivated illiterate, semi-literate and literate.

Having recognized that human resource development is the essential first step towards sustainable economic growth, THF's main objective is to address the paucity of marketable technical and vocational education.

Further it intends to make training accessible and commiserate with the demands of the local industry and emerging global trends. In this manner, THF aims to act as a 'catalyst' for alleviating unemployment as well as stunted economic growth.

THF is creating a new cadre of skilled Pakistanis with **internationally recognized technical qualification** opening up a new world of opportunities.

THF's approach of attaining its goal is through four routes:

Partnerships: This entails using existing infrastructure with recognized organizations such as The Citizens Foundation (TCF) etc, wherein pilot projects can be conducted. Once such projects become operational and successful, partner organizations can replicate this model themselves.

Centres of Excellence (CoEs): This entails setting up of model technical and vocational centres in major cities across Pakistan, which would be equipped with 'state-of-the-art' educational equipment. These CoEs will also serve as training grounds for future instructors.

Adoptions: This involves adoption of existing vocational centres in the private sector as well as the public sector.

Madrassas: Engaging with Madrassas to provide an opportunity to their students to graduate with at least one technical skill in the same premises.

Vocations / Trades

The vocations / trades selected are based on a survey of skilled manpower demand in the construction industry at home and in the Gulf States. Presently five trades have been selected for the Institute. General Electrician, General Fitter & Fabricator, Plumber & Pipe Fitter, Welder, Refrigeration & Air Conditioning Mechanic.

Some white collar / women's vocations under development are: Sales & Marketing, Basic Accounting & Book Keeping, Retailing & Customer Services, Office Management, Beautician & Skin Care, Dress Making & Designing, Industrial Garment Stitching, Baking & Cooking.

The Hunar Foundation offers individuals the opportunity to not just enhance their skills and employment prospects, but also contribute to community building and regional development.

The Great Poet Allama Iqbal expressed his admiration for those young people who are achievers:

*Mohabat mujhe oon jawano se hai
Sitaron pe jo daaltay hain kamund*

These are the builders of future Pakistan!

For more details visit www.hunarpakistan.org

REPORT ON SAFA BOARD MEETING

in respect of 19th SAFA Board Meeting held in January, 2012 at Lahore

Abdul Rahim Suriya, FCA, FCMA
ICAP Council Member & SAFA Board Member

1. Mr. Muhammad Rafi (Ex-President ICMAP) had been appointed as President of SAFA for the year 2012 effective from 1st January, 2012 and Mr. Abdul Mannan the nominee of ICMA Bangladesh had been appointed as the Vice-President.
2. SAARC Secretariat has confirmed the status of SAFA as an apex body of SAARC for further five years up to January, 2017. The renewal of status for another five years is the recognition of good work done by SAFA towards accounting profession in the SAARC region.
3. The SAFA Board deliberated in detail the manner in which the Sustainability Reporting be promoted in the SAARC Region. The Board appreciated Joint Committee of ICAP and ICMAP for launching an Award for Sustainability Reporting in Pakistan where SAFA President Mr. A.N.Raman was Chief Guest on November 11, 2011.
4. SAFA is organising 1st Webinar with EFAA on the topic 'VAT Experience in Europe by SMPs' in the 1st week of March 2012. From ICAP, Mr. Haroon Tabrez/Ms.Saira Shamsie attended it.
5. SAARC Secretariat has given its consent for renaming the SAFA Corporate Governance Disclosure Award as "SAARC Anniversary Award" for Corporate Governance as recommended by SAFA Board.
6. Some of the members at the last SAFA Assembly held earlier expressed their feelings about the overlapping functions of SAFA Assembly and SAFA Board. After detailed deliberations on the above viewpoints/suggestions, the SAFA Board decided to constitute a Task Force comprising of Mr. Sujeewa Rajapakse, ICA Sri Lanka, Mr. Syful Islam (ICA Bangladesh) and a nominee of ICA Nepal for formulating appropriate guidelines in the context of composition and term/tenure of nominees on various SAFA organs.
7. In continuation to the briefing by the SAFA President at the 75th SAFA Assembly meeting, it was conveyed that the all efforts will be placed to work on the set path in Strategy matrix. The an under consideration by the Board:
 - i. Collaboration with EFAA in the matters of Joint Conference, Webinar and SMP exchange programs.
 - ii. Strengthen ties with GRI, as MOU is signed with GRI in November 2011 in Dhaka.
 - iii. Uniform Accounting Education through developing and application of common curriculum for both Chartered and Management Accountancy disciplines.
 - iv. Assisting Governments of SAARC countries for implementation of ACCRUAL BASED ACCOUNTING SYSTEM, through organizing seminars and conferences.
 - v. Harmonization of Tax Regime.
 - vi. Development of Compliance for ITAG (Improvement in Transparency, Accountability and Governance)
 - vii. Maintaining close coordination with IFAC
 - viii. Compliance on timely submission of activity plan to IFAC.

ICAP AGMs held during 50 years

■ Sadia Kaleem, ACA

Meeting	City	Date	Time	Chaired by	Attended	Auditors Appointed
1.	Dacca	10 Dec 1962	10:00 AM	Mr. M. M. Ahmad	SNA Bukhari & Ebrahim Dahodwala
2.	Karachi	15 Nov 1963	5:00 PM	Mr. M. Aslam	42	SNA Bukhari & Ebrahim Dahodwala
3.	Lahore	12 Nov 1964	10:00 AM	Mr. M. Aslam	29	SNA Bukhari & Ebrahim Dahodwala
4.	Karachi	14 Dec 1965	4:30 PM	Mr. M. Aslam	56	SNA Bukhari & Ebrahim Dahodwala
5.	Lahore	29 Dec 1966	3:00 PM	Mr. Vaqar Ahmed	25	SNA Bukhari & Ebrahim Dahodwala
6.	Dacca	11 Dec 1967	4:30 PM	Mr. Vaqar Ahmed	32	SNA Bukhari & M. Afzal Muniff
7.	Lahore	31 Dec 1968	4:00 PM	Mr. Vaqar Ahmed	33	SNA Bukhari & M. Afzal Muniff
8.	Karachi	19 Dec 1969	5:00 PM	Mr. A. Rab	42	SNA Bukhari & M. Afzal Muniff
9.	Dacca	28 Dec 1970	5:00 PM	Mr. V. A. Jafarey	31	SNA Bukhari & M. Afzal Muniff
10.	Lahore	24 Dec 1971	4:00 PM	Mr. S. M. Masood	23	SNA Bukhari & M. Afzal Muniff
11.	Karachi	23 Dec 1972	4:30 PM	Mr. M. Yakub	52	SNA Bukhari & M. Afzal Muniff
12.	Lahore	22 Dec 1973	7:00 PM	Mr. M. Saleem Malik	45	Zakaria Loya & H. R. Khan
13.	Karachi	28 Dec 1974	4:30 PM	Mr. Pir Mohammed A. Kalia	46	SNA Bukhari & M. Afzal Muniff
14.	Lahore	27 Dec 1975	4:00 PM	Mr. Abdur Raouf Shaikh	45	Minoo Bamjee & Khurshid Hadi
15.	Karachi	28 Dec 1976	5:00 PM	Mr. Irtiza Husain	80	Minoo Bamjee & Abdul Wahid
16.	Lahore	29 Dec 1977	6:30 PM	Mr. S. M. Masood	54	Minoo Bamjee & Abdul Wahid
17.	Karachi	28 Dec 1978	4:30 PM	Mr. M. Afzal Muniff	54	Minoo Bamjee & Abdul Wahid
18.	Lahore	27 Dec 1979	6:00 PM	Mr. A. Hameed Chaudhri	41	Minoo Bamjee & Abdul Wahid
19.	Karachi	29 Dec 1980	6:30 PM	Mr. A. Ghaffar S. Kodwavi	129	Minoo Bamjee & Abdul Wahid
20.	Rawalpindi	24 Dec 1981	6:00 PM	Mr. H. U. Beg	49	Minoo Bamjee & Abdul Wahid
21.	Karachi	30 Dec 1982	6:00 PM	Mr. Irtiza Husain	81	Minoo Bamjee & Abdul Wahid
22.	Lahore	21 Dec 1983	6:30 PM	Mr. Irtiza Husain	89	Minoo Bamjee & Abdul Wahid
23.	Karachi	27 Dec 1984	6:30 PM	Mr. Irtiza Husain	68	Minoo Bamjee & Abdul Wahid
24.	Lahore	28 Dec 1985	6:30 PM	Mr. Irtiza Husain	85	Minoo Bamjee & Abdul Wahid
25.	Karachi	30 Dec 1986	6:30 PM	Mr. Ebrahim S. H. Dahoodwala	109	Minoo Bamjee & Abdul Wahid
26.	Islamabad	26 Nov 1987	6:30 PM	Mr. Ebrahim S. H. Dahoodwala	52	Minoo Bamjee & Abdul Wahid
27.	Karachi	10 Sep 1988	6:30 PM	Mr. M. Afzal Munif	97	Minoo Bamjee & Abdul Wahid
28.	Lahore	02 Nov 1989	7:15 PM	Mr. Ebrahim Sidat	72	Minoo Bamjee & Abdul Wahid
29.	Karachi	29 Nov 1990	6:30 PM	Mr. Ebrahim Sidat	107	Minoo Bamjee & Abdul Wahid
30.	Lahore	16 Dec 1991	6:30 PM	Mr. Abdul Hameed Chaudhri	119	Minoo Bamjee & Abdul Wahid
31.	Karachi	28 Dec 1992	6:30 PM	Mr. Khalid Rafi	120	Minoo Bamjee & Abdul Wahid
32.	Islamabad	11 Nov 1993	6:30 PM	Mr. Muhammad Yousuf Adil	86	Minoo Bamjee & Abdul Wahid
33.	Karachi	17 Dec 1994	6:30 PM	Mr. S. Masoud Ali Naqvi	76	Minoo Bamjee & Abdul Wahid
34.	Lahore	Dec 1995	Mr. S. Masoud Ali Naqvi	Minoo Bamjee & Abdul Wahid
35.	Karachi	02 Dec 1996	6:00 PM	Mr. Sajjad Ahmed	157	Minoo Bamjee & Abdul Wahid
36.	Islamabad	24 Dec 1997	6:00 PM	Mr. Ahmed Dawood Patel	74	Minoo Bamjee & Abdul Wahid
37.	Karachi	30 Dec 1998	4:45 PM	Mr. Najam I. Chaudhri	98	Minoo Bamjee & Abdul Wahid
38.	Lahore	06 Dec 1999	5:30 PM	Mr. Shaukat Amin Shah	102	Minoo Bamjee & Abdul Wahid
39.	Karachi	28 Oct 2000	4:30 PM	Mr. Pir Mohammed A. Kalia	44	Minoo Bamjee & Abdul Wahid
40.	Islamabad	24 Nov 2001	3:00 PM	Mr. A Husain A. Basrai	94	Minoo Bamjee & Abdul Wahid
41.	Karachi	25 Oct 2002	6:30 PM	Mr. Khaliq-ur-Rahman	108	M. Afzal Munif & Qasim Ebrahim Causer
42.	Lahore	18 Oct 2003	6:00 PM	Mr. Mujahid Eshai	138	M. Afzal Munif & Qasim Ebrahim Causer
43.	Karachi	30 Oct 2004	4:00 PM	Mr. Zafar Iqbal Sobani	76	M. Afzal Munif & Qasim Ebrahim Causer
44.	Islamabad	24 Dec 2005	3:00 PM	Mr. S. M. Shabbar Zaidi	45	M. Afzal Munif & Adnan Zaman
45.	Karachi	28 Nov 2006	6:30 PM	Mr. Nasim Hyder	146	M. Afzal Munif & Adnan Zaman
46.	Lahore	07 Nov 2007	6:30 PM	Mr. Imran Afzal	81	M. Afzal Munif & Adnan Zaman
47.	Karachi	16 Oct 2008	7:45 PM	Mr. Asad Ali Shah	66	M. Afzal Munif & Qasim Ebrahim Causer
48.	Islamabad	28 Oct 2009	6:00 PM	Mr. Abdul Rahim Suriya	89	M. Afzal Munif & Qasim Ebrahim Causer
49.	Karachi	10 Aug 2010	6:00 PM	Mr. Abdul Rahim Suriya	120	M. Afzal Munif & Qasim Ebrahim Causer
50.	Lahore	16 Sep 2011	6:30 PM	Mr. Shaikh Saqib Masood	103	A. Hameed Chaudhri & Abdul Wahid

Quick Glance of Membership at ICAP

as on Dec 31st, 2011

■ Nadia Wahid, ACA

Total Active Members	5531
Demise	255
Member's Shifted to Bangladesh	95
Resigned	51
Removed on Non-Payment	775
Total No. of Members	6707

LIST OF DEMISE MEMBERS

S.No	R #	Name	D-Date	S.No	R #	Name	D-Date
1	0001	Mr. M. Hussain Chaudhury	09-04-2005	57	0124	Mr. Rao Noor Sher Khan	21-02-1987
2	0002	Mr. Mohammad Wafa Rasul Hashmi	22-04-1984	58	0125	Mr. Ahmed Ali Dhakan	28-01-1988
3	0003	Mr. Jamsheed Peshotan Patel	17-01-1992	59	0126	Mr. A. N. Khairullah	27-02-2011
4	0004	Mr. Ahmed B. Khan	25-06-1996	60	0127	Mr. Zia Ali Naqvi	22-08-1994
5	0005	Mr. Saiyed Saghir Ali Qadri	19-07-1969	61	0131	Mr. Shafique Ahmad Qureshi	23-08-2006
6	0006	Mr. Nariman M. Postwala	09-07-1975	62	0132	Mr. Hafizuddin Abdul Kader Katariwala	2009
7	0007	Mr. John Patrick Bray	24-12-1994	63	0133	Mr. Abdul Aziz Chaudhury	01-10-1990
8	0008	Mr. Pheroazshaw Jehangirji Chinoy	07-09-1975	64	0134	Syed Ghiasuddin Hafizali	15-06-1993
9	0009	Mr. Dev. Raj Bahri	19-01-1974	65	0138	Mr. Eric Hugh Mendoza	01-07-1971
10	0011	Mr. Mohammed Istifa Rasul Hashmi	16-08-1998	66	0139	Mr. M. Ghias Shaikh	12-07-1975
11	0012	Mr. Ram Hassasing Butani	26-11-1971	67	0140	Mr. Egbalur Rahman	01-07-1961
12	0013	Mr. Minocher S. Joshi	27-11-1967	68	0144	Mr. Hafiez-U-Rehman Khan	23-11-2000
13	0014	Mr. C.W. Lloyd	01-02-1968	69	0148	Syed Amjed Husain	05-12-2007
14	0015	Mr. Robert Geoffery Chapman	18-10-1990	70	0157	Mr. Safdar Saleem	15-08-1981
15	0017	Mr. Mohammad Irtiza Rasul Hashmi	23-02-1998	71	0161	Mr. Amir Alam Khan	22-09-1991
16	0019	Mr. Mirza M. Hussain	11-01-1964	72	0162	Mr. Mohamed Hussain Pyarali	15-02-2005
17	0020	Mr. Jehangir Bomanshah Master	23-05-1972	73	0168	Mr. Abid Husain	10-10-2011
18	0022	Mr. Rahim Ahmed Jan	31-07-2006	74	0173	Mr. Abdul Jabbar Khan	29-07-1998
19	0025	Mr. Yusuf Ebrahim Bhaimia	20-05-1991	75	0178	Mr. Ali Raza T. Lakhani	31-12-2011
20	0026	Mr. I.B. Wilson	27-05-1963	76	0184	Mr. Syed Jamiluddin Ahmad	29-05-2006
21	0030	Mr. Jamshed Dhunjishaw Bharucha	05-10-2010	77	0188	Mr. Mir Muhammad Razvi	23-11-2005
22	0031	Mr. Ruttonshah Maneckji Bilimoria	29-01-1994	78	0192	Mr. Ahmad Kamal	06-08-1970
23	0034	Mr. Anwar Yar Khan	07-02-1981	79	0193	Mr. Zamir-Ul-Hasan Burney	06-01-2004
24	0038	Mr. Homi Sohrab Katrak	06-11-1970	80	0194	Mr. Shafiq Ahmed Khan	01-07-1993
25	0039	Syed Mahmud Ali	27-12-1971	81	0198	Mr. Ghulam Abbas	28-08-1974
26	0041	Mr. Abdus Salam	19-01-1970	82	0202	Mr. Mahmood Ali Khan	01-11-1996
27	0044	Mr. Akbarali Gulamhussein Merchant	01-01-2011	83	0210	Mr. Umar Israil Siddiqui	10-12-2011
28	0047	Mr. Umar Din Chowdhry	26-02-1964	84	0213	Mr. Abdus Samee Khadim	12-01-1988
29	0050	Mr. Minocher Byramji Mana	06-08-2011	85	0215	Mr. M. Ibrahim Ahmed	07-02-2008
30	0051	Mr. Sher Muhammad Khan	22-12-1985	86	0216	Syed Iftikhar Ali	13-10-2005
31	0053	Mr. Mohammed Usman Husein Nanji	29-09-1992	87	0219	Mr. Shamim Ahmed Allawala	18-09-1996
32	0054	Mr. Sultanali Gulamhusein Merchant	01-07-1968	88	0220	Mr. Zafar Mahmud Khan	20-12-1973
33	0057	Mr. Abdul Qayyum Khan Shirwani	29-05-1969	89	0224	Mr. Abdul Sattar Adam Samega	16-12-1992
34	0059	Mr. Mohamedbhai Rasulbhai Bohra	22-07-1971	90	0227	Syed Sadaqat Hussain	18-06-2011
35	0061	Mr. Daudally Goolamhoosen Gangjee	16-02-1994	91	0230	Mr. Muhammad Siddique	09-06-2004
36	0063	Mr. S.A. Salam	04-04-1986	92	0231	Mr. Jalis Ahmed	28-04-1996
37	0064	Mr. Hamid Ahmad	31-07-1980	93	0244	Mr. S. Mohammad Zahur A. Zaidi	07-04-2002
38	0065	Mr. Allah Ditta	09-04-1997	94	0245	Mr. Minoo Rustomji Patel	31-01-2008
39	0066	Mr. Moosa Yusuf Lulat	12-08-2005	95	0248	Mr. Yahya Bhai	30-05-1999
40	0067	Mr. Irtiza Husain	10-01-2008	96	0251	Mr. Syed Mohammad Abbas Hashmi	21-10-1983
41	0070	Mr. Abbas Mahomed Peerbhoy	13-08-2005	97	0254	Mr. Abdul Aziz Rahmatullaa Kasbati	27-12-1971
42	0072	Mr. Sultanali Laliwala	19-06-1986	98	0257	Mr. Syed Zahirun Nasir	10-01-1996
43	0075	Mr. Amirbhai Ramzanibhai Shaikh	27-09-2011	99	0261	Mr. Mohammad Ahson	28-04-1982
44	0082	Mr. Faseeh-Ud-Din Ahmad Zuberi	16-09-1992	100	0269	Mr. Saiyid Hashmat Hussain	19-08-1995
45	0083	Mr. Faza Rasul Hashmi	20-11-1997	101	0279	Mr. Habib Ghulam Hussain	03-06-2001
46	0087	Syed Nazir Ahmad Bukhari	13-09-1999	102	0280	Mr. Yaqub Ali	10-04-2008
47	0092	Mr. M. Saleem Malik	03-02-1993	103	0282	Mr. Nascimento Anthony Lobo	06-09-1968
48	0094	Mr. Sardar Faruq Ali	12-09-1990	104	0287	Mr. Fakhruddin Ahmad	24-10-2011
49	0098	Mr. N. M. Uquaili	11-11-1996	105	0289	Mr. Muhammad Mohsin Ghayur	26-06-2009
50	0102	Mr. Saeed Ahmad Khan	25-06-1985	106	0291	Mr. Abedin Marvi	03-03-1990
51	0107	Mr. Nawab Asgher	15-02-2004	107	0297	Mr. Mohammad Khalilullah	14-07-1978
52	0108	Mr. Mirza Luqman Baig	01-07-1964	108	0308	Mr. Mazhar Ali Khan	15-06-2011
53	0111	Mr. Mohammd Yusuf Pasha	10-04-1991	109	0314	Mr. Sajjad Ahmad	17-04-2004
54	0118	Mr. Ahmed Moosa Gangat	22-01-1983	110	0316	Mr. Inam-Ul-Haq Khan	23-04-2004
55	0120	Mr. M.M. Qureshi	27-03-1994	111	0317	Mr. Abdur Rashid Malik	29-09-1997
56	0122	Mr. Ahmed Adam Gangat	28-12-2006	112	0333	Mr. Sultan A. Abbasi	01-07-2002

S.No	R #	Name	D-Date	S.No	R #	Name	D-Date
113	0338	Mr. M. Afzal-Ul-Karim Alavi	17-03-2000	185	0846	Mr. Mohammad Umar Siddiqui	06-10-1999
114	0341	Mr. Abdul Karim Mohammed Shekha	07-07-2006	186	0847	Mr. Tanvir Ahmad	03-06-1997
115	0342	Mr. Ather Jawed Ahmad	20-01-2009	187	0857	Mr. Mushtaq Ahmad Chaudhry	12-11-1989
116	0349	Mr. Mohammad Anwarul Haq Zahid	14-03-1992	188	0859	Mr. Abdul Ali Sheikh	10-08-2006
117	0358	Mr. Waheed Ahmad Kidwai	01-07-1993	189	0876	Mr. Mohammad Saleem Sandhoo	06-04-2009
118	0359	Mr. Shabbir Ali Merchant	01-07-1993	190	0877	Mr. Mian Abdul Salam	31-12-1975
119	0364	Mr. Muhammad Ismail Shahzad	23-01-1997	191	0915	Mr. Inayat Ullah Chaudhary	12-07-2010
120	0375	Mr. Khalid Hosein	12-05-2005	192	0926	Mr. Mohammad Afzal	13-07-2004
121	0378	Mr. Humayun Mahamadi	06-08-1970	193	0930	Mr. Abdul Aziz Munshi	27-05-1997
122	0383	Mr. Mohammad Ibrahim Sheikh	13-06-2009	194	0947	Mr. Muhammad Aslam Chaudhuri	17-03-1990
123	0388	Mr. Abdul Qayyum Mir	24-10-1998	195	1002	Mr. Abdul Karim Shaban	17-09-1977
124	0390	Syed Masood Hussain	31-01-2008	196	1003	Syed Abdul Jaleel	28-12-1977
125	0392	Mr. Sk. Hashmat Ali	23-04-2005	197	1004	Mr. Sabir Ali F. Mohammed Kanji	09-09-1981
126	0393	Syed Ikram Gardezi	19-12-1998	198	1007	Mr. Fazal Hussain	24-12-1982
127	0425	Mr. Muhammad Suleman Chaudhry	27-04-2011	199	1017	Mr. Inayat Ali Ismail	29-03-2006
128	0429	Mr. Mohammad Iqbal Butt	05-01-1996	200	1024	Mr. Muhammad Zafar	12-01-2000
129	0430	Mr. Badre-Alam Shami	15-12-2008	201	1047	Mr. Shams-Ud-Din Walimohammad Vellani	11-07-2001
130	0443	Mr. Khawaja Sarwar Hasan	24-07-1998	202	1128	Mr. Khalid Rashid Sadique	27-12-2004
131	0449	Mr. Mian Abdul Malik	07-08-2010	203	1145	Mr. Syed Iftikhar Ali	23-05-2004
132	0466	Mr. Mohammad Aslam Malik	20-12-1992	204	1197	Mr. Mohammad Sayeed Khan	30-03-2003
133	0472	Mr. Javed Ehtisham Ahmed	19-08-1994	205	1200	Mr. Muhammad Iqbal	10-03-2005
134	0479	Mr. Salman Taseer	01-04-2011	206	1217	Mr. Ismail Merchant	07-05-2000
135	0483	Mr. Saeed Aslam	15-06-2004	207	1222	Mr. Abdul Hameed Kasbati	18-03-2008
136	0489	Mr. Sarfaraz Hussain Siddiqi	15-10-2010	208	1230	Mr. Muhammad Saleem	2007
137	0506	Mr. M. Hanif Chaudhry	02-10-2002	209	1234	Mr. Iftikhar Hussain Alvi	03-03-2003
138	0516	Mr. Abdul Ghaffar Chamdia	01-07-1988	210	1241	Mr. Kanwer Furqan Ali	03-02-2006
139	0518	Mr. Abdul Hannan Ghayur	07-09-1999	211	1253	Mr. Abdul Saleem	01-07-1986
140	0539	Mr. Mohammad Abdul Majeed	04-07-1994	212	1264	Mr. Muhammad Obaidullah Siddiqui	15-10-2003
141	0555	Mr. S. Nisar Ahmed	29-01-2003	213	1266	Mohammad Ahmed	01-07-2011
142	0557	Mr. Ijaz Ahmad Gill	31-01-1999	214	1287	Mr. Muhammed Bashir Chamdia	03-11-2003
143	0568	Mr. Saleem Ahmad	22-08-2004	215	1291	Mr. Khadim Hussain Khoja	01-01-2009
144	0569	Mr. Mohammad Saleem Khan	05-10-1975	216	1300	Mr. Roshan Ali Hamirani	06-06-2006
145	0571	Mr. Abdul Latif Sheikh	30-01-2002	217	1303	Mr. S. Akhtar Mohsin Naqvi	16-12-2002
146	0573	Mr. Mukhtar Shafiq	21-10-2006	218	1304	Mr. Saqib Munawar	04-07-1996
147	0580	Mr. Khawaja Rafi Ahmad	01-05-2004	219	1364	Mr. Shaukat Javed	30-10-2005
148	0591	Mr. Shamsul Hoda Siddiqi	15-11-2000	220	1373	Mr. Abdul Jalil Anjum	28-10-2006
149	0606	Mr. Amir Ali	28-12-2001	221	1379	Mr. Rahimuddin Ahmad	30-07-1989
150	0608	Mr. Khalid Hassan Malik	12-11-1994	222	1398	Mr. Ishfaq Ahmed	04-07-1997
151	0619	Mr. Mohammad Qavi Khan Yusufzai	02-10-1996	223	1444	Mir. Pir Mohammed Diwan	15-07-1999
152	0625	Mr. Tufail Mohammad	01-06-2010	224	1490	Mr. Hussain Ali	01-07-1993
153	0637	Mr. Riaz Ahmad Khan	27-05-1976	225	1511	Mr. Ghulam Haider	22-05-2008
154	0652	Mr. Riaz Ahmad	02-08-1998	226	1562	Mr. Shakil Akhtar Qureshi	21-07-2008
155	0665	Mr. Sarwar Ali	20-04-2011	227	1565	Mr. Abdul Qadir	14-01-2010
156	0671	Mr. Noman Ghani Hashmi	09-10-1995	228	1572	Mr. Rashad Irfan Malik	21-07-2008
157	0676	Mr. Mohammad Hassan Sabir	22-01-2002	229	1611	Mr. Sna Ullah Javed	10-03-2000
158	0680	Mr. Narayana Kevalram Shahani	30-12-2010	230	1613	Mr. Muhammad Anis	09-12-2006
159	0682	Mr. Muhammad Fazal-Ur-Rehman	24-05-1998	231	1623	Mr. Irfan Mowjee	09-06-1990
160	0683	Mr. Mohammad Aslam	17-03-1996	232	1864	Syed Haider Ali	15-11-2000
161	0688	Mr. Hamid Hasan Khan Sherwani	29-10-2009	233	1900	Mr. Mohammad Younus Khan	22-12-2007
162	0694	Mr. Fazal Ali Fida Ali Jeevanjee	06-11-1989	234	1951	Mr. Ch. Zulfikar Ahmad Cheema	10-10-2007
163	0697	Mr. G.M. Munir Ahmed	01-07-1972	235	2049	Mr. Irfan Hasan	01-08-2009
164	0698	Mr. Ch. Mohammad Naqi Faiz	04-02-1987	236	2050	Mr. Muhammad Onaid Mustafa	30-06-1999
165	0713	Mr. Haider Ali	24-02-2001	237	2178	Mr. Munir Ahmad	04-05-1995
166	0719	Mr. Nasim Akhtar Zuberi	24-01-2008	238	2188	Mr. Faisal Aurangzeb Iqbal	03-05-1996
167	0720	Mr. Muhammad Akram Chaudhry	11-06-2010	239	2249	Mr. Khurshid Ahmad	29-12-1997
168	0722	Ms Tazeen Khan	01-07-1983	240	2290	Mr. Maqbool Ahmad Akhtar	04-12-2005
169	0726	Mr. Mujeeb-Ur-Rahman	19-11-1994	241	2294	Mr. Anwar Kazi	08-11-1995
170	0731	Mr. Muhammad Ali Hadi	21-05-2002	242	2341	Mr. Jehangir Abbas	10-03-2008
171	0749	Mr. Ejaz Ahmad Khan	02-10-1989	243	2388	Mr. Zaid Masud	01-01-2009
172	0761	Mr. Muhammad Siddiq	11-07-1991	244	2390	Mr. Muhammad Tabrez Alam	03-10-1998
173	0766	Mr. Abubaker A. Sattar Bhura	04-10-1999	245	2504	Mr. Amjad Moiz Sheih	31-07-1999
174	0779	Syed Iftikhar Ali	30-07-2010	246	2544	Mr. Shahid Hussain	13-11-2010
175	0781	Mr. Zia-Ul-Haque Chaudhry	07-12-1993	247	2577	Mr. Naushad	17-07-2003
176	0783	Mr. Gulam Mohd. Sheikha	12-06-1984	248	2607	Mr. Mohammad Naeem Firdousi	11-11-2008
177	0784	Mr. Mir Shahamat Ali	24-03-1996	249	2650	Mr. Tariq Masood	12-02-2003
178	0802	Mr. Amirali Premani	29-09-1996	250	2809	Mr. Liaqat Hussain	02-08-2003
179	0821	Mr. Abdul Rashid Khan	10-09-2009	251	2844	Mr. Mohsin Mustafa	08-10-2005
180	0831	Mr. Jawed Iqbal Butt	26-03-1997	252	3108	Mr. Talib Hussain	29-03-2003
181	0833	Mr. Abdul Majeed Quraishi	13-05-2002	253	3472	Mr. Jamil Ahmed	04-11-2004
182	0835	Mr. Mohammed Yusuf Zakaria	24-06-2006	254	4307	Mr. Abubakar Izhar	28-07-2010
183	0837	Mr. Mohammad Farooq Khan	01-07-1989	255	5655	Mr. Shehzad	26-02-2010
184	0845	Mr. Tajjammal Murad	27-01-2007				

MEMBER'S SHIFTED TO BANGLADESH

S.No	R #	Name	S.No	R #	Name
1	0010	Mr. Kaliprasanna Bandyopadhyay	49	0381	Mr. Abdul Ahad Choudhury
2	0016	Mr. Rabindra Nath Saha	50	0399	Mr. Mir Mohammad Khalad
3	0021	Syed-Uz-Zaman	51	0401	Mr. Beg Mohammed Nurul Azim
4	0042	Mr. Abdul Qasem	52	0404	Mr. Mohammad Ali Mazumder
5	0048	Mr. Ali Hussain	53	0412	Mr. Muhammad Abdus Sattar
6	0060	Mr. Md. Mufazzal Hussain Chowdhury	54	0428	Mr. M.A. Quader
7	0084	Mr. Muhammad Masihur Rahman	55	0434	Mr. Shamim Ullah Siddiqui
8	0086	Mr. Sahebzada Syed Fariduddin Ahmed	56	0446	Mr. Abdul Wahab
9	0090	Mr. A.H.M. Mustafizur Rahman Siddiqui	57	0452	Mr. Md. Obaidur Rahman
10	0093	Mr. M. Jainul Abedin	58	0462	Mr. Manir Uddin Ahmad
11	0099	Mr. Zahir Uddin Ahmed	59	0469	Syed Iftekhar Hasib
12	0106	Mr. Rezaur Rahman	60	0473	Mr. Dilip Kumar Bandyopadhyay
13	0114	Mr. Ata Uddin Khan	61	0476	Mr. Abdur Rouf Bhuiya
14	0121	Mr. M. Anowar Hossain Miah	62	0481	Mr. Bashir Ahmed Alvi
15	0140	Mr. Egbalur Rahman	63	0507	Mr. Abul Khair Chaudhury
16	0145	Mr. Sudhir Chandra Chowdhury	64	0508	Mr. Anil Chandra Nath
17	0152	Mr. Noor Mohammad Howladar	65	0525	Mr. Ghulam Rahman
18	0159	Mr. Denis John Belton	66	0545	Mr. Mohammed Nurul Islam
19	0163	Mr. Mohammad Humayun Morshed	67	0547	Mr. Amanullah Khan
20	0174	Mr. Shamsul Alam	68	0574	Mr. Rashraj Chakraborty
21	0175	Mr. Md. Muzaffar Ahmed	69	0576	Mr. Badrul Ahsan
22	0179	Mr. Kazi Kamrul Hoda	70	0578	Mr. Abu Nasar A.H. Siddiqi
23	0187	Mr. Mohamed Hashim Bharoocha	71	0595	Mr. Md. Abu Taleb Talukder
24	0196	Mr. Md. Safiur Rahman	72	0599	Mr. Md. Matiul Islam
25	0197	Mr. Jamal Uddin Ahmad	73	0604	Syed Fazlul Haque
26	0211	Mr. Md. Yunus	74	0607	Mr. Md Abdul Majid
27	0212	Mr. Aftabuddin Ahmed	75	0617	Mr. Nasir Mohammed
28	0218	Mr. John Howard Black	76	0618	Mr. A.S.M. Ataul Karim
29	0225	Mr. John Alexander Paterson	77	0620	Mr. Md. Abul Fazal
30	0242	Mr. Kamal Ziaul Islam	78	0621	Mr. Kazi Zahirul Kabir
31	0243	Mr. Md. Abdul Baser Chowdhury	79	0626	Mr. Mohammed Ashraful Haque
32	0249	Mr. Mufazzal Ali Mallik	80	0631	Mr. Tajul Islam Mohd. Nurun Nabi
33	0259	Mr. Hari Sadhan Dhar	81	0634	Mr. Abdul Khaleque
34	0275	Mr. Shaikh Mohamed Akkas Hossain	82	0636	Mr. Md. Motiebur Rahman
35	0318	Mr. A.K. Md. Rafiqul Islam	83	0641	Mr. Abul Nasood Atiquer Rehman
36	0321	Mr. Mohammad Toha	84	0644	Mr. Abul Kashem
37	0322	Mr. Mohammad Gholam Sobhan	85	0647	Mr. Md. Abdul Quadir Mollah
38	0323	Mr. Anisuz Zaman Chowdhury	86	0648	Mr. Mohammad Shahidullah Patwary
39	0331	Mr. Arabinda Ghosh	87	0655	Mr. Dewan Syed Mohidur Raza
40	0337	Mr. Kazi Romanuddin Ahmed	88	0659	Mr. Mohammad Mushtaque Ahmed
41	0343	Mr. Mohammed Habibus Samad	89	0660	Mr. Khorshed Alam
42	0345	Mr. Syed Fazle Ali	90	0663	Mr. Mainuddin Ahmed
43	0348	Mr. Nazir Gulamali Currimbhoy	91	0667	Mr. Muhammad Musharraf Hossein
44	0353	Mr. Abdul Kalam Md. Mosharraf Hossain	92	0693	Mr. Shahid Uddin Ahmed
45	0366	Mr. Aminul Haque	93	0697	Mr. G.M. Munir Ahmed
46	0373	Mr. Nazrul Islam	94	0718	Mr. A.K.M. Eradtullah Chowdhury
47	0374	Mr. Kazi Mesbah-UI Alam	95	0730	Mr. Md. Mohibullah
48	0379	Mr. Mansoor Ali Gowani			

LIST OF RESIGN MEMBER'S

1	0023	Mr. Roderick Mackay Peat	27	0552	Mr. Malik Asad Ali Khan
2	0027	Mr. Sir Thomas Buston Robson	28	0579	Mr. Abu Turab Mirmohammadi
3	0028	Mr. Walter Edmund Parker	29	0672	Mr. Saiyid Mohammed Ali
4	0029	Mr. Sir Ronald George Leach	30	0745	Mr. Jamil Ahmed Malik
5	0033	Mr. Graham Fraser Turnbull	31	0773	Mr. Ajaz-UI-Haque
6	0036	Saiyid Muhammad Jafry	32	0809	Mr. Asghar Ali
7	0040	Mr. M. J. McNulty	33	0829	Mr. Munir Uddin Butt
8	0043	Mr. Foizul Alam	34	0871	Mr. Zueb Sadiq
9	0045	Mr. William John Richmond	35	0892	Mr. Razi Ahmed Malik
10	0062	Mr. Sikander Latif	36	0901	Mr. Amirali Ghulam Hussain Odhwani
11	0091	Mr. Khizr Ali Shereef	37	1087	Syed Ihsan Ali Shah Gardezi
12	0103	Mr. Mohammad Islamuddin	38	1088	Mr. Osman Ahsan
13	0105	Mr. Shafuddin Ahmed	39	1100	Mr. Farooq Ahmed Chishti
14	0150	Mr. Henry Patterson Cares	40	1102	Mr. Shahid Jalal
15	0186	Mr. Istifa Zaheer Kidwai	41	1120	Mr. Anwar Mateen
16	0191	Romin Wright Kent	42	1437	Mr. Sarfaraz Ahmed
17	0284	Mr. George A. Terrett	43	1547	Mr. Ahsan Rashid
18	0285	Mr. Robert Reid	44	1664	Mr. Khalid Mohammed Aly Rangoonwala
19	0324	Roy Arthur Johnson	45	1803	Mrs. Khusheed Z. Marolia
20	0325	John Michael Lock	46	1938	Mr. Jamshed R. A. Zuberi
21	0350	Yaqub Shah	47	2042	Mr. Nisar Nanji
22	0355	Ghulam Rasool Memon	48	2258	Mr. Fakhruddin A. Goga
23	0457	Mr. Safdar Hussain Javaid	49	2456	Miss. Muneza Batool
24	0490	Mr. Robert Donald Bayne	50	3252	Mr. Farhana Mowjee
25	0515	Mr. Jamshed B. Irani	51	4355	Waqar Laeeque Ahmed
26	0548	Mr. Noshir Jal Mody			



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