



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

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Newsletter

Governance, Transparency and Service to Members and Students

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meets & events

Auditor General of Pakistan Graces ICAP Accounting Standards Board Meeting



The Auditor General of Pakistan (AGP), Javid Jahangir along with his senior officials Irshad Kaleemi and Moeed Ali attended The Institute of Chartered Accountants of Pakistan (ICAP) Accounting Standards Board (ASB) meeting on June 27, 2018.

The meeting was also attended by Riaz A. Rehman Chamdia, president ICAP, Farrukh Rehman, chairman ASB and VP-South ICAP and Jafar Husain, VP-North ICAP and the other ASB members including Adnan Afaq, Aftab Mahmood Butt, Ali Azeem Ikram, Syed Asad Ali Shah, Ayesha Riaz, Farhan Ansari, Mahfooz Ahmed Bhatti, Mohammad Maqbool, Syed Mohammad Shabbar Zaidi, representatives from Securities & Exchange Commission of Pakistan (SECP), Pakistan Stock Exchange (PSX), practice and industry, and the advisory group and task force members Aamir Jamil Abbasi, Arslan Khalid, Salman Hussain, Shoaib Ghazi and Omer Morshed.

Javid Jahangir was given a warm welcome on his first official visit to ICAP. He was briefed about the purpose of formation of multi-stakeholder ASB, the profile of its members and key initiatives undertaken by the Board in last one year. It was noted that since its formation in March 2017, the ASB in a short span has deliberated and recommended for adoption the new International Financial Reporting Standards – IFRS 9



Financial Instruments, IFRS 15 Revenue from Contracts from Customers and IFRS 16 Leases and developed guidance and illustrative financial statements under the Companies Act 2017. Further, the Board has responded to numerous accounting queries addressing the concerns of different stakeholders, including regulators. Moreover, ASB is also actively working on the other significant initiatives that include eXtensible Business Reporting Language (XBRL), advocacy of International Public Sector Accounting Standards (IPSAS) and IFRS 17 Insurance Contracts.

The ASB members, Farrukh Rehman and Riaz A. Rehman Chamdia thanked AGP for visiting Karachi and participating in the board's meeting. Riaz Chamdia emphasised the important role of ICAP and AGP in country's auditing and accounting landscape and the need for further collaboration and use of each other's experiences and human resources for the betterment of public sector accounting practices and standards.

Javaid Jahangir thanked for the meeting and welcomed the opportunity of ASB meeting. He informed that the constitution of Pakistan gives the sole mandate to AGP

for setting the framework of accounts preparation and its audit for district, provincial and federal government. However, in 2001 the accounting function was transferred to Controller General of Pakistan (CGA). He further explained that AGP follows a strict time regime and annually issues the federal and provincial governments financial statements. He apprised that CGA has a robust recording and reporting system based on SAP ERP. AGP informed that he has trained and skilled workforce of more than 3500 people to carry out his constitutional mandate. A detailed presentation was given by the CGA representative on the government accounting system.

All ASB members appreciated the role of AGP as country's supreme audit institution under the Constitution of Pakistan and significant steps taken and milestones achieved by AGP over the period. The participants discussed the need for making efforts in changing public perception about the role of public sector accounting, more transparency and timely corrective action on audit observations raised by AGP. There was consensus that in public interest there is scope of further improving the public sector financial reporting and to carry out a



gap analysis of current accounting practices and study on the viability of implementing International Public Sector Accounting Standards (IPSAS) in Pakistan. In this regard, president ICAP and AGP agreed that there is a

need for further collaboration between the institutions, and future partnership could be underpinned by consultation, coordination, cooperation and exchange of information.

Best Corporate and Sustainability Reports 2017 Awards



The Best Corporate and Sustainability Reports 2017 Awards ceremony is being organised by the Joint Committee of The Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) on August 7, 2018 at Movenpic hotel Karachi.

Annual reports are adjudged in accordance with the BCR Criteria. The Criteria has been revamped for 2018 and it's available on the websites of both the Institutes. While revamping the criteria, inspiration has been taken from the 'Content Elements' (disclosures) of the International Integrated Reporting Framework (IR). Companies are encouraged to adopt (IR) by fully applying the 'Fundamental Concepts' and 'Guiding Principles' of (IR) into their corporate reporting in addition to the 'Content Elements' (disclosures) of (IR), as covered in the revised Criteria.

Guests of honour include Shahid Hafiz Kardar, former governor State Bank of Pakistan (SBP), Dr. Tariq Hassan, chair of the board of directors Audit Oversight Board, Richard Morin, CEO Pakistan Stock Exchange (PSX) and Dr. Zeeshan Ahmed, dean Karachi School of Business Leadership (KSBL).

The revised Criteria aims to promote a cohesive approach to corporate reporting that will improve the quality of information available to the investors and other key stakeholders of an organisation. It will also help elevate the level of accountability and stewardship of reporting organisations. It will bring corporate reporting in Pakistan in line with global best practices.

Good corporate governance is essential to create trust and engagement between companies and their investors. Whatever governance is in practice, it requires qualitative reporting. Corporate governance as well as financial and other information are communicated to stakeholders through the Annual Report.

BCR Criteria 2018 is available to download at <http://www.icap.net.pk/wp-content/uploads/bcr/BCRCriteria2018.pdf>

Discussion on Amnesty Scheme, Karachi



The Southern Regional Committee (SRC) of The Institute of Chartered Accountants of Pakistan (ICAP) organised a **Discussion on Amnesty Scheme** on June 21, 2018 at ICAP House, Karachi. The session was attended by around 250 participants, both members and non-members.

Abdul Rab, Continuing Professional Development (CPD) convener SRC, commenced the proceedings with a recitation from the Holy Quran and brief opening remarks. The speaker Asif Haroon, partner A. F. Ferguson & Co., was invited on stage to share an overview on the Amnesty Scheme through his presentation. Followed by the overview, a panel discussion was held in which

Shabbar Zaidi, senior partner A. F. Ferguson & Co., Saqib Masood, partner and head of Tax KPMG Taseer Hadi & Co., Ashfaq Yousuf Tola, Council member ICAP, Haider A. Patel, partner EY Ford Rhodes and Arshad Mahmood, partner Deloitte Yousuf Adil were the panellists. The session was moderated by Zulfikar Akhtar, partner A. F. Ferguson & Co. The panel discussion was engaging and generated debate amongst the panellists which led to numerous questions from the participants.

To conclude the event, Riaz A. Rehman Chamdia, president ICAP was invited on stage to present mementos to the speaker, panellists and moderator as a gesture of appreciation.



ICAP Session on Tax Amnesty Scheme, Lahore



The Institute of Chartered Accountants of Pakistan (ICAP) Continuing Professional Development (CPD) Committee Lahore of Northern Regional Committee (NRC) organised a special discussion session on **Tax Amnesty Scheme** on June 22, 2018 at ICAP, Lahore. The objective of the session was to shed light on the recently introduced Tax Amnesty Scheme, its legislation, Voluntary Declaration of Domestic Assets Act 2018 and Foreign Assets Act 2018 for the better understanding and clarifications of the members. It was an open house discussion among members. Past president ICAP, Imran Afzal and Council member, Muhammad Awais were the panellists of the sessions and chairman NRC, Asad Feroze, was the moderator. Benefits and drawbacks of the scheme were also discussed. Members raised various questions for the panellists which required explanations. Frequently

Asked Questions (FAQs) devised by Federal Board of Revenue (FBR) and State Bank of Pakistan (SBP) were also shared with members. Certain points of the scheme had multiple interpretations and all such interpretations were discussed in a candid manner. Foreign Asset related Amnesty Scheme and payment to be made in this regard was discussed in detail by members. NRC promised to share with members the feedback taken from FBR and also planned to hold a session with FBR officials with ICAP members. This session was telecasted live through video conferencing facility to ICAP Islamabad, Peshawar, Faisalabad and Gujranwala. The session raised awareness among members about various aspects of this scheme. The session was closed with a vote of thanks to all panellists and members. The seminar was followed by hi-tea.

ICAP Meet with Senior FBR Officials on Tax Amnesty Scheme



The Institute of Chartered Accountants of Pakistan (ICAP) Northern Regional Committee (NRC), in continuation of special discussion session on **Tax Amnesty Scheme** held on June 22, 2018 at ICAP Lahore, planned an exclusive session with chief commissioner Inland Revenue, Asim Majid Khan, and his team on June 26, 2018 at RTO II Building, Tax House,

Lahore. A delegation of more than 40 chartered accountants was led by Asad Feroze, chairman NRC, accompanied by Council member Muhammad Awais, Regional Committee member and chairman Practice Support Committee ICAP Ali Saif Cheema, past presidents ICAP Imran Afzal, Rashid Rahman Mir and senior members attended this session. The



objective of this session was to address the various queries being raised by members from industry and practice. Federal Board of Revenue (FBR) officials opened the session by welcoming ICAP members. Commissioner Inland Revenue highlighted in detail the Tax Amnesty Scheme which was followed by a comprehensive Q&A session. Members were satisfied with the explanations and details shared by

FBR officials. FBR officials also introduced resource persons at FBR who would respond immediately to any specific problems faced by members in filing of these declarations and also in process of making payments to exchequer. Chairman NRC thanked the FBR officials for holding this special session which would go a long way in given clarity to members about debatable aspects of this scheme.

Seminar on Companies Act 2017, Multan



The Institute of Chartered Accountants of Pakistan (ICAP) Northern Regional Committee (NRC) organised a seminar on **Companies Act 2017** on June 25, 2018 at a local hotel in Multan. The aim of the seminar was to educate members on the newly enacted law of Companies Act 2017. ICAP members and students attended the event and gained valuable insight from subject experts and seasoned professionals.

Javed Anjum, chairman Continuing Professional Development (CPD) Committee Multan, welcomed the speakers and participants and explained the importance of the newly enacted law. He thanked the Securities & Exchange Commission of Pakistan (SECP) for participation and hoped that ICAP would continue to support SECP in its endeavours for corporatisation in the country. Muhammad Awais, Council member and partner EY Ford Rhodes, was the first speaker of the event. He spoke at length on changes brought in

Companies Act 2017 regarding incorporation, name, memorandum/articles of association, meetings, resolutions, various schedules, etc. He also shared highlights of Company Incorporation Regulations and Intermediaries Registration Regulations with the audience. Muhammad Awais also explained the new concept of Global Register of Beneficial Ownership and Related Parties. He replied in detail the various questions raised by members. The second speaker was Iftikhar Taj Mian, Council member ICAP and governance expert on new provisions relating to corporate cases and changes in respect of directors introduced through Companies Act 2017. His detailed presentation covered various aspects of Companies Act 2017 related to company directors and new methodology enacted to solve Companies Act cases through establishment of a permanent corporate bench and electronic mode of summons. He also shed light on election of directors, fixation of number of directors, qualification, disqualification of directors,



independent directors, etc. The third presentation was made by Rana Usman Khan, Council member and partner Deloitte Yousuf Adil, Lahore. He spoke on accounting related matters including Fourth and Fifth Schedules to Companies Act 2017. He explained provisions related to books of account, financial statements, consolidated financial statements, director’s report & statement of compliance, surplus on revaluation of fixed assets, etc. He explained in detail the changes introduced in this regard. The last presentation was made by Asad Feroze, chairman NRC and partner Junaidy Shoaib Asad. He spoke on Association Not for Profit, free zone, real estate and inactive companies. He also summarised draft Regulations on Associations with Charitable & Not for Profit Objects (Licensing & Corporate Governance) Regulations 2017 and briefed about potential challenges in compliance of these regulations for Associations Not for Profit. He aptly explained qualifications, disqualifications,



appointment, removal of auditors, form and content of new auditor’s report, Key Audit Matters (KAM) and review of statement of compliance, etc. These sessions were followed by the speech of a SECP senior representative Fozia Perveen, registrar SECP Multan, who appreciated efforts of presenters and ICAP on arranging such awareness sessions on Companies Act 2017. Senior ICAP members of Multan appreciated the efforts and hoped that ICAP would continue to hold such events for the benefit of CA fraternity. The seminar ended with dinner.

Draft Companies (General Provisions and Forms) Regulations 2018

A seminar on **Draft Companies (General Provisions and Forms) Regulations 2018** was arranged by The Institute of Chartered Accountants of Pakistan (ICAP) Continuing Professional Development (CPD) Committee Peshawar in collaboration with Securities & Exchange Commission of Pakistan (SECP) on July 3, 2018 at ICAP, Peshawar. The speakers were Liaqat Ali Dolla, registrar of Companies, Saeed Ullah Khan, additional registrar of Companies, and Mubasher Saeed Saddozai, director Corporatisation and Compliance SECP. The objective of the seminar was to deliberate on the enactment of the Draft Companies (General Provisions and Forms) Regulations 2018 and its impact on the corporate



culture of Pakistan which has resulted in law as well as procedures for different filings. The seminar was attended by ICAP members and students. Zahid Anwar, internal auditor Trans Peshawar, presented shields to the speakers.

Seminar on New Auditor's Report – A Paradigm Shift

The Institute of Chartered Accountants of Pakistan (ICAP) Continuing Professional Development (CPD) Committee Lahore of Northern Regional Committee (NRC), in collaboration with Auditing Standards & Ethics Committee of ICAP, arranged a seminar/discussion on **New Auditor's Report – A Paradigm Shift** on July 7, 2018 at ICAP, Lahore. This session was telecasted live through video conferencing facility to ICAP Peshawar and Gujranwala. The objective of this seminar was to discuss and clarify the Auditors (Reporting Obligations) Regulations 2018 through S.R.O. 558 (I)/201 issued on April 26, 2018 by Securities & Exchange Commission of Pakistan (SECP). These regulations are going to result in key changes in auditors reporting requirements and an important content of Auditor's Report. The new report will be issued for periods ending on or after June 30, 2018. Many call it a paradigm shift in field of audit. Auditing Standards & Ethics Committee of ICAP played a pivotal role in development of these reporting formats. The session was chaired by Rana Usman Khan, chairman Auditing Standards and Ethics Committee ICAP, Council member and partner Deloitte Yousuf Adil.

A detailed presentation on changes in Auditor's Report was delivered by Nasir Muneer, partner Horwath Hussain Chaudhury & Co. and member Auditing



Standards & Ethics Committee ICAP. The presentation covered all the aspects related to Auditor's Report. The presenter put emphasis on Key Audit Matters (KAM) and explained various aspects of KAM with practical examples. He also shared the work done by ICAP technical team and showed ICAP website wherein sample KAM of different industries were summarised for members' convenience. He also discussed FAQs of ICAP website related to new Auditor's Report. The session was followed by an interactive panel discussion. The panellists were Sohail Nisar, CFO Millat Tractors Limited, Osman Hameed Chaudhri, managing partner Shine Wing Hameed Chaudhri & Co., Farooq Hameed, partner EY Ford Rhodes and chairman CPD Committee Lahore and Nasir Muneer, partner Horwath Hussain Chaudhury & Co. At the end, mementos were presented to speaker and panellists. The session was concluded by Rana Usman Khan and followed by hi-tea.

Activities of Bahrain Chapter of ICAP Members



The managing committee of Bahrain Chapter of ICAP members hosted a dinner at a local restaurant. Another event, held as part of corporate social responsibility, was the distribution of 200 meals to the poor. Several members of Bahrain Chapter of ICAP members participated in these events.



The managing committee plans to hold a series of informative events in the next few months such as IFRS updates, Robotic Process Automation (RPA) and Blockchain that will enable the Bahrain chartered accountant fraternity of Bahrain to accumulate Continuing Professional Education (CPE) credit hours as well.

President ICAP Meet with CPA Canada Executives



President of The Institute of Chartered Accountants of Pakistan (ICAP), Riaz A. Rehman Chamdia, visited Canada in July 2018. During his visit, Chamdia along with Rauf A. Jan, chairman Canada Chapter of ICAP members and Mohammad Nadeem, vice chairman Canada Chapter, met with Chartered Professional Accountants Canada (CPA Canada) delegates represented by Tashia Batstone, senior vice president External Relations and Business Development, Nancy Foran, vice president International and Jylan Khalil, director Evaluations and International Assessments.

The purpose of the meeting was to continue the discussion from the last meeting held in March 2018 with the president CPA Canada, Joy Thomas, where ICAP delegates requested CPA Canada to speed up the process to revive a reciprocity program for experienced members of ICAP along the lines of Evaluation of Experience (EvE) that existed with the Canadian Institute of Chartered Accountants (CICA), prior to the merger of the legacy accounting bodies

in Canada. During the meeting, ICAP president also apprised CPA Canada that Institute of Chartered Accountants in England and Wales (ICAEW) and the Chartered Accountants Australia and New Zealand (CA ANZ) recognise experienced members of ICAP for their direct pathway scheme.

CPA Canada agreed that there is a need for a program for experienced ICAP members and that this is on their to-do list. However, they explained that the process takes time as they will evaluate the arrangements with ICAEW and CA ANZ, consider lessons learned from EvE, consult and agree with all the provincial bodies and the arrangement will have to go through a long approval process. Chamdia indicated that ICAP is happy to provide any assistance that CPA Canada may require in this respect to expedite this matter which is very important for ICAP members, especially those who are already in Canada and those who are thinking of immigrating to Canada. CPA Canada and ICAP have agreed to work closely on this matter. Further updates will be provided to the members.

Canada Chapter CPD Event on Financial Planning in Canadian Environment



The Canada Chapter of ICAP members (the Chapter) organised an informative session for the benefit of its members and other finance professionals on the topic **Financial Planning in Canadian Environment** on July 7, 2018 at a branch of Royal Bank of Canada (RBC) in Mississauga.

Urooj Vohra, secretary of the Managing Committee of the Chapter, gave her opening remarks about the session and also welcomed the guests and introduced the speakers. The speakers were Sameer Azam, investment advisor and Prashant Patel, vice president specialising in High Net Worth Planning Services, both from RBC.

Sameer Azam presented various aspects of value based investing in Canada for individuals and families as relevant for the audience. He also imparted valuable information on the economic challenges and growth outlook. Prashant Patel presented various financial and tax planning strategies that can be utilised by individuals and businesses to help towards achievement of financial goals.

The Q&A session was held after the presentation where participants actively asked relevant questions about investments, financial planning strategies and market trends. The event ended with a networking session where members were able to network with the speakers and other participants while enjoying snacks.

The event was also broadcasted live for ICAP members across Canada and was attended by approximately 50 participants from the Greater Toronto Area and other cities.

At the end of the session, vice chairman of the Chapter Mohammad Nadeem thanked RBC and their staff for the opportunity provided to the Chapter and its members for the session and speakers for their valuable advice to participants. To conclude the session, chairman of the Chapter, Rauf Ali Jan and the managing committee members thanked all participants for attending the event.

UAE CA Community CPD Sessions



A few members of The Institute of Chartered Accountants of Pakistan (ICAP) organise Continuing Professional Development (CPD) event for members and students of ICAP and other accounting bodies at Novotel hotel, Dubai. The event included a motivational speech delivered by Rizwan Saleem and a session on Social Media Usage by Muhammad Sayani. The members and students discussed key challenges being faced by them in UAE industry and their suggestions on how to improve CA Pakistan image in UAE. The event also included quiz competition and prizes for participants.

The event provided an opportunity for members and their families to come together, network and spend time with each other. It was well-received by all.

ICAP Conducts DTP in Karachi

Due to high demand, a special session of The Institute of Chartered Accountants of Pakistan (ICAP) Director's Training Program (DTP) was held in June to comply with the requirement before the close of fiscal year.

The 36th DTP was held at ICAP Karachi on June 26-29, 2018 and the trainers included Abdul Rahim Suriya, partner Suriya Nauman Rehan & Co.; Adnan Afaq, managing director Pakistan Credit Rating Agency (PACRA); Amar Naseer, Amar Naseer Law Associates; Haroon Tabraze, chairperson Accounting Law Institute of Business Administration (IBA) Karachi; Hena Sadiq, partner Audit and Assurance Deloitte Yousuf Adil; Syed Fahim Ul Hassan, partner A. F. Ferguson & Co.; Zafar Sobani, past president ICAP and a seasoned business professional; Dr. Zeeshan Ahmed, dean Karachi School of Business and Leadership (KSBL) and Omair Jamal, senior director Education & Training ICAP.

During the year, 87 more professionals joined the ICAP Certified Director's Pool making a total of 644 since the launch in 2013.

ICAP DTP is an amalgamation of theoretical knowledge, application of skills and exercising value added judgement. ICAP training approach is enabling learning through experience and interactions with peers through moderated group discussions and role plays.

In order to avoid missing out on the upcoming DTP be sure to visit <https://www.icap.net.pk/dtp/upcoming-sessions.php#upcoming>

Others programs that ICAP CPD offers:

- Client specific DTP exclusively for companies that want to conduct in-house DTP for their board of directors.
- Director's orientation and training program for public sector organisations operating under the Public Sector Companies (PSC) Rules 2013.

To forward your request, email us at dtp@icap.org.pk or zehra.hassan@icap.org.pk. For other details, visit ICAP website www.icap.org.pk/dtp. Members can also find the Facebook page @directorstrainingprogram and LinkedIn group ICAP Certified Directors.

Name of Participants

Certificate # 0632
Saira Nasir
Chief Executive Officer
E-Learning Pakistan



Certificate # 0633
Umaima Bilal Qamar



Certificate # 0634
Umair Rafique Vadria
Independent Director
Escorts Investment Bank



Certificate # 0635
Sohail Osman Ali



Certificate # 0636
Muhammad Yahya Wasi
Chief Financial Officer
Darulshifa International (Pvt.) Ltd.



Certificate # 0637
Kausar Parveen
Chief Financial Officer
PAIR Investment Company Ltd.



Certificate # 0638
Jawed
Chief Internal Auditor
National Clearing Company Pakistan Ltd.



Certificate # 0639
Umair Ahmed Khalili
Director
Al-Shaheer Corporation Ltd.



Certificate # 0640
Saima
Senior Manager BRS
Grant Thornton Anjum Rahman



Certificate # 0641
Pervez Ismail
Director
Ittehad Chemicals Ltd.



Certificate # 0642
Hafiz Muhammad Arsalan
Senior Manager Finance
National Clearing Company Pakistan Ltd.



Certificate # 0643
Sarah Mussaid
Director
Zephyr Textiles Ltd..



Certificate # 0644
Ahmad Naseem
EVP/Divisional Head-HRD
National Bank of Pakistan



CPD – The Key to Unlock Potential

The response of members to the Continuing Professional Development (CPD) Drive is very encouraging. In order to make the process of reporting the CPD activities as seamless as possible, the Frequently Asked Questions (FAQs) for CPD Declaration and Reporting have been formulated.

The CPD Directive gives various activities that can be done to avail the CPD hours such as attending board meetings, on job learning, pursuing further education, writing articles, reading up, attending conferences, seminars, webinars, trainings and many other avenues of professional development. In case members have any queries or questions, contact us at: cpd.support@icap.org.pk cpd@icap.org.pk or zehra.hassan@icap.org.pk

Phone: 021-35869318 (Direct) or 021-111-000-422 Ext. 330 and 316

CA Toastmasters Club Karachi



The CA Toastmasters Club Karachi conducted a meeting on June 21, 2018. A special feature of this meeting was the celebration of Eid ul Fitr for which, a splendid cake cutting ceremony took place. Moreover, it was the last meeting of the financial year 2017-18. The meeting was called to order by Seargent at Arms, TM Arsalan Sattar, who handed over the control to presiding officer TM Zaid Kaliya. TM Zaid shared his views on the theme of the meeting and asked members and guests to introduce themselves. Thereafter, the charge was handed over to Toastmaster of the evening TM Junaid, who led the proceedings forward.

TM Safina Shahid conducted an entertaining Table Topic session which was followed by a Prepared Speech session. TM Murtaza Ghazi delivered his project 10 from the Competent Communication Manual on the title 'A little love' and inspired the audience by his outstanding performance.

TM Saima Shahzad was declared the **Best Table Topic Speaker** whereas TM Murtaza Ghazi was announced the **Best Prepared Speaker** of the meeting. TM Safina Shahid was declared the **Best of Big 4**. The evaluators advised the speakers about the tips and techniques that can be used to enhance their public speaking skills.

CA Toastmasters Club Lahore



Club members in Meeting No. 142.

The CA Toastmasters Club Lahore conducted two regular meetings during June. 142nd meeting was held on June 6, 2018. TM Tahir Usman acted as Toastmaster of the meeting. TM Abdul Qayyum delivered his tenth Prepared Speech project CC10 on the topic 'Peace.' TM Latif Ahmed Saqi delivered his tenth Prepared Speech project CC10 on the topic 'Ethics.' With these speeches, TM Abdul Qayyum and TM Latif Ahmed Saqi completed their internationally recognised certification of Competent Communicator. TM Zunair Zafar delivered his advanced speech project, the winning proposal, from Persuasive Speaking Manual. The Table Topics session was conducted by TM Mustafa Ahmed Khan. The general evaluator for the meeting was TM Ghulam Abbas.



Club members in Meeting No. 143.

143rd meeting was held on June 20, 2018. DTM Saif Ali Sheikh conducted a training on Pathways Educational Scheme of Toastmasters.

Regular meetings are held on alternate Wednesdays and guests are always welcome. Meetings in August will be held on August 1, 15 and 29, 2018 at ICAP, Lahore.

CA Toastmasters Club Islamabad

The CA Toastmasters Club Islamabad conducted a meeting during June 2018. Meeting No. 46 dated June 21, 2018 was themed 'Eid festivity and social gatherings' and the word of the day was 'Abdicate' meaning 'renounce, handover, give-up a position of power.' The meeting was called to order by Seargent at Arms TM Hassan Nawaz, who handed over the control to acting presiding officer TM Mudassar Ghulam Nabi. TM Mudassar shared his views on the theme of the meeting, asked guests for introductions and kept the control as Toastmaster of the evening.



Clockwise: TM M. Adeel, TM M. Khizar, TM Murtaza and TM Mustafa Javed.

TM Mustafa Javid conducted an entertaining Table Topic session which was followed by a Prepared Speech session. TM Muhammad Adeel delivered his fifth project, 'Your body speaks' from the Competent Communication Manual which required him to use stance, movement, gestures, facial expressions and eye contact to express his message, achieve the speech's purpose and make the body language smooth and natural. TM Adeel shared his views on the excellent fashion sense of Quaid-e-Azam Muhammad Ali Jinnah and shared small stories about his wisdom and intellect.

TM Hassan Nawaz was the general evaluator, wherein he stressed the importance of evaluation to become a better public speaker and leader and evaluated the meeting and its various sessions. TM Hassan also facilitated team of evaluators who gave valuable recommendations for improvement in public speaking and leadership skills. The awards for best performances were won by: **Best Table Topic Speaker:** TM Murtaza; **Best Prepared Speaker:** TM Muhammad Adeel; **Best Evaluator:** TM Muhammad Khizar; and **Best of Big 3:** TM Mustafa Javid.



Group photo of club members.

 member news

Top 5 CPD Earners

The Institute is pleased to acknowledge the following members who have earned maximum CPD hours in June 2018:

S. No.	Name and R-No.	Location	Hours
1.	Muhammad Raza, ACA (7353)	Karachi	130
2.	Jackson Wilson, ACA (6224)	Karachi	125
3.	Haroon Rauf, ACA (6018)	Nigeria	96
4.	Syed Wajih Hussain Zaidi, ACA (6673)	Lahore	96
5.	Gohar Ejaz, ACA (7456)	Lahore	80

New Associate Members

The Institute welcomes the following associate members:

S. No.	R-No.	Name
1.	9623	Ali Ahmed Noor
2.	9624	Hamid Lateef
3.	9625	Haris Iqbal
4.	9626	Zia Ul Qamar
5.	9627	Tazeen Zehra
6.	9628	Usman Ali
7.	9629	Bilal Ul Abedin

New Firms

The Institute welcomes the following new firms:

S. No.	Name of Firms	Location
1.	Mahmood Mujeeb & Co.	Karachi
2.	Shoab Saleem Dar & Co.	Islamabad

Attention, members

The membership dues are payable on July 1st each year and the grace period to clear the dues given by the Council expires on August 31, 2018. After the expiry of this period, names of members with outstanding dues will be removed from the members' register. For all queries about membership dues, membership department can be reached at annualmembershipfee@icap.org.pk

READ in the April-June 2018 issue



Special Read

Industry Perspective of cover story NOCLAR by Council member & Professional Accountants in Business (PAIB) chairman Khalilullah Shaikh – writing for The Pakistan Accountant for the first time.

Also Read

- **Strategic Planning in Small & Medium Businesses**
by Muhammad Kamran
- **Sustainable Cost Reduction**
by Amjad Waqar
- **Five Things the Corporate World Can Learn from Babies**
by Farhad Nasiruddin Rajabali
- **Automation & Relevance of Accountants**
by Muaaz Tahir
- **Women in Accounting - Opportunities and Obstacles**
by Hina Kazi
- **Around the Globe**
by Samina Iqbal



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Publication Department

The Institute of Chartered Accountants of Pakistan


technical update
Update:**Local Regulatory Framework**

SECP notifies Anti-Money Laundering and Countering Financing of Terrorism Regulations: The Securities & Exchange Commission of Pakistan (SECP) through S.R.0 770 (I)/2018 has issued the (Anti-Money Laundering and Countering Financing of Terrorism) Regulations 2018 to comply with the Financial Action Task Force (FATF) recommendations, which are mandatory to adopt for Pakistan being a member of the Asia Pacific group on money laundering.

These Regulations have been issued under the Anti-Money Laundering Act 2010, and will supersede all earlier circular/notifications which had separate Anti-Money Laundering (AML) and Countering Financial Terrorism (CFT) requirements for financial institutions regulated by the SECP. Accordingly, now a single set of regulations focusing on the risk-based approach has been issued for all the securities brokers, insurance companies, non-banking finance companies and modarabas.

The Regulations can be downloaded from the following link:

<https://www.secp.gov.pk/document/anti-money-laundering-act-2010-3/?wpdmdl=31812>

SECP notifies regulations for non-profit associations: SECP has notified Associations with Charitable and Not for Profit Objects Regulations 2018. All the existing companies licensed under Section 42 are required to immediately comply with all the requirements of the regulations. The company shall also ensure compliance with the conditions prescribed in relation to anti-money laundering and counter financing of terrorism under the applicable laws.

The regulations specify procedure for grant of license, incorporation of association as a public limited company, conditions applicable to such companies, fit and proper criteria for the promoters, members, directors and chief executive officer, provision for revocation of license and subsequent transfer of assets to another company licensed under section 42 of the Companies Act 2017 (Act) and monthly reporting requirements.

Employee's Contributory Funds (Investment in Listed Securities) Regulations 2018: SECP has introduced Employee's Contributory Funds (Investment in Listed Securities) Regulations 2018. The Companies Act 2017 enhanced the scope of investment out of various contributory funds, instead of just provident fund, which necessitated the notification of these regulations.

Previously, the employees' contributions were regulated under the Employee's Provident Fund (Investment in Listed Securities) Rules 2016. The new regulations are aimed at improving safety regime for the employees contributing to various contributory funds while keeping in view the growth perspective of the return on such funds. In the new regulations, the sector-wise investment limits have been introduced along with security-wise limits on investments other than investment through collective investment schemes.

The Regulations can be downloaded from the following link:

www.secp.gov.pk/document/sro-731-i-2018-notification-to-employees-contributory-fund-investment-in-listed-securities-regulations-2018

SECP issues draft Regulations for Related Party transactions and maintenance of records: SECP has issued Companies (Related Party Transactions and Maintenance of Related Records) Regulations 2018. Policy of related party transactions approved by the board shall have minimum parameters provided in the regulations. The related party transactions entered into by a company in its ordinary course of business on an arm's length basis shall not be subject to the policy of the company for related party transactions.

SECP notifies draft Regulations regarding further issue of shares: Currently, companies issuing shares by way of right issue, bonus issue, other than right, shares having differential rights and privileges, shares at discount or employee stock option schemes are required to comply with the requirements of the Companies Act 2017. However, for right issue and bonus issue by listed companies, in addition to requirements of Act, compliance with applicable requirements of Companies (Issue of Capital) Rules 1996 and Guide on issue of shares otherwise than right is mandatory.

Similarly, companies issuing different kinds of shares with varied rights and privileges are required to comply with the requirements of the Act and Companies' Share Capital (Variation in Rights and Privileges) Rules 2000. Moreover, public companies issuing Employee Stock Option Scheme under the Act are required to comply with the requirements of Public Companies (Employees Stock Option Scheme) Rules 2001 and Guidelines for the Structuring and Offering of the Employees Stock Option Schemes 2016.

With a view to cogently consolidate relevant requirements of the Act and directives, SECP has notified draft Companies (issue of further shares) Regulations 2018 for soliciting public opinion. Comments are requested through post or email to ccg@secp.gov.pk

Amendments in conditions for charging of Selling and Marketing Expenses to Mutual Funds: SECP, in exercise of powers conferred under Section 282 B (3) of the Companies Ordinance 1984 read with Regulation 60 (3) (v) of the Non-Banking Finance Companies and Notified Entities Regulations 2008, has notified vide Circular 5 dated June 4, 2018 following amendments in the condition numbers 1, 3(a) & 3(b) of Circular No. 40 of 2016 for charging of selling and marketing expenses to Collective Investment Scheme managed by Asset Management Companies (AMC):

1. Selling and Marketing expenses will be allowed initially for three years (from January 1, 2017 till December 31, 2019) to all categories of open-end mutual funds (except fund of funds and money market funds).
2. Selling and marketing expenses can only be used for the purposes (a) Cost pertaining to opening and maintenance of all branches by AMCs in all cities; and (b) Payment of salaries to sales team posted at all branches of an AMC.

Mandatory Certification for the Professionals of Capital Market: SECP in exercise of its powers conferred under Section 40(B) of the Securities and Exchange Commission of Pakistan Act 1997, has notified vide Circular 10 dated July 3, 2018 amendments to the Circular No. 9 and 47 of 2015, Timeline for availing the certifications through grandfathering option which lapsed on June 30, 2016 has been eliminated. Consequently, the desired candidates may avail the certifications under grandfathering option from the Institute of Financial Markets of Pakistan (IFMP) required under these Circulars at any time, if they fulfill the criteria.

Update:

International

IASB consults on the accounting for financial instruments with characteristics of equity: The International Accounting Standards Board (IASB) has published for comments a discussion paper 'Financial Instruments with Characteristics of Equity' can be accessed at:

<https://www.ifrs.org/-/media/project/fice/discussion-paper/published-documents/dp-fice-june-2018.pdf>.

Comment period ends on January 7, 2019.

The board has sought to establish principles that would classify financial instruments by reference to the presence or absence of particular features. To establish those principles, the board has identified a financial liability would have either one or both of the following features:

- The issuer can be required to pay cash or to hand over another financial asset before liquidation.
- The issuer has promised a particular return to the holder regardless of the issuer's own performance and share price.

The board's preferred approach would classify a financial instrument as a financial liability if the instrument contains (a) an unavoidable contractual obligation to transfer cash or other financial assets other than at liquidation (the 'timing' feature); and/or (b) an unavoidable contractual obligation for an amount independent of the issuer's available economic resources (the 'amount' feature). Financial instruments would be classified as equity instruments if they do not contain either of these two features.

The Discussion Paper also considers a number of different variables common in such derivatives and analyses their effect on classification, applying the board's preferred approach. The board also examines presentation and disclosure requirements.

IPSASB releases questions and answers on state-owned enterprises: The staff of the International Public Sector Accounting Standards Board (IPSASB) has compiled a document with questions and answers relating to the compatibility for consolidation purposes of IPSAS and commercial public sector entities. The staff concludes that the

use of IPSAS for non-profit-seeking entities should not give rise to significant compatibility issues when state-owned enterprises reporting under IFRS, or a similar national framework, are consolidated into a government's financial statements. Document can be accessed at the IPSASB website <http://www.ifac.org/publications-resources/ipsasb-staff-questions-and-answers-state-owned-enterprises>

An introduction to accounting for cryptocurrencies:

Chartered Professional Accountants of Canada has published an introduction to accounting for cryptocurrencies under International Financial Reporting Standards (IFRS). The paper addresses concerns raised that the current application of IFRSs, particularly the application of IAS 38 Intangible Assets and the measurement of cryptocurrencies at cost, is not reflective of economic substance and does not provide relevant information to users of financial statements. Document can be accessed at: <https://www.cpacanada.ca/en/business-and-accounting-resources/financial-and-non-financial-reporting/international-financial-reporting-standards-ifrs/publications/accounting-for-cryptocurrencies-under-ifrs>

Update:

Tax

SBP relaxes procedure for tax payment

State Bank of Pakistan (SBP) has issued Addendum to the 'Procedure for Repatriation of liquid assets and Deposit of Tax under Foreign Assets (Declaration and Repatriation) Act 2018,' as under:

1. The tax payment can be made through banking channels either from the declarants' own accounts or from the accounts of the declarants' immediate family members i.e. parents, children, spouse and siblings.
2. The balances in foreign currency accounts of the declarants or their immediate family members being maintained with banks in Pakistan as of March 31, 2018 or June 20, 2018, whichever is less, can also be used for the purpose of tax payment.
3. The declarants having bank accounts outside Pakistan but presently residing in Pakistan can also pay the tax in US Dollar by depositing the US Dollar denominated cheques with the authorised branches of National Bank of Pakistan (NBP) in Pakistan.

READ

in the April-June Issue of

The Pakistan

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- 4) The tax payment can be made within three days of generation of Pay Slip ID.

Condition for export by EPZ waived

Presently, customs rules restrict export by the units established in the Export Processing Zones (EPZ) to 20 percent of their total production to tariff areas in Pakistan, accordingly 80 percent should be exported to other countries. The condition has been waived of vide SRO 831(I)/2018 dated July 10, 2018. Accordingly, the condition of supply of 20 percent of the total production shall not include the supplies made from the EPZ to tariff area under SRO 492(I)/2009 dated June 13, 2009 or DTRE scheme or Manufacturing Bond scheme or Export Oriented Units scheme, as the case may be, as the same are used for manufacture of goods which are eventually exported out of Pakistan.

Moreover, any goods permitted under aforesaid SRO for entry into the tariff area may be taken out of the zone after fulfilling all the requirements prescribed under the act and the rules made thereunder for the direct import from abroad into the tariff area. The investor shall file export goods declaration against the goods being exported from zone to tariff area and the importer in the tariff area shall also file corresponding import goods declaration.

FBR levies tax on IT and enabling service

The federal government has made amendment in the Islamabad Capital Territory (tax on Services) Ordinance 2001 vide SRO 781(1)/2018 dated June 21, 2018, by amending SRO 495(1)/2016, dated the July 4, 2016 by inserting serial number 11 resulting reduced tax rate of 5% for IT and IT enabled services.

Amendment in Sales Tax Special Procedure Rules - Payment of sales tax by importers

The federal government has made amendments vide SRO 775(I)/2018 dated June 21, 2018. Under sub-rule 1 of Rule 58B of Sales Tax Special Procedure Rules 2007, LNG/RLNG and second hand and worn clothing or footwear (PCT heading 6309.0000), have been excluded for value addition tax on such imports.

Currently, Chapter X of the Rules provides exclusion from charging of value addition tax on import of goods imported by a manufacturer for in-house consumption, on petroleum products imported by oil marketing company for sale, and by registered

service provider for importing goods for their in-house use of for furtherance of taxable activity and not intended for further supply.

Sales tax on import and supply of furnace oil abolished

Sales tax charged on import and supply of furnace oil (PCT 2710.1941) chargeable to sales at the rate of 20% has been abolished by rescinding SRO 962(I)/2015 dated September 30, 2015 through SRO 778(I)/2018 dated June 21, 2018.

Controlled Foreign Company

The Finance Act 2018 introduced first time in Pakistan law, concept of Controlled Foreign Company (CFC) by inserting Section 109A in the Income Tax Ordinance 2001. The objective is to prevent erosion of domestic tax collections due to avoidance or deferment by home companies on income earned from overseas businesses carried out through offshore subsidiaries or affiliates. Accordingly, the income of a non-resident company should be included in taxable income of a resident person for a tax year. Following criteria shall be followed for determining the status of CFC:

- a) More than 50% of the capital or voting rights of the non-resident company are held, directly or indirectly, by one or more persons, resident in Pakistan, or more than 40% of the capital or voting rights of the non-resident company are held, directly or indirectly, by a single resident person in Pakistan;
- b) Tax paid in respect of income derived or accrued in a foreign tax year is less than 60% of tax payable on the said income under this Ordinance;
- c) A non-resident company does not derive active business income. Income of the non-resident company shall be active business income if:
 - i. more than 80% of the income of the company does not include income from dividends, interest, property, capital gains, royalty, annuity payment, supply of goods or services to an associate, sale or licensing of intangibles and management, holding or investment in securities and financial assets; and
 - ii. the company principally derives income under the head 'Income from Business' in the country or jurisdiction of which it is a resident; and
- d) The shares of the company are not traded on any stock exchange recognised by the law of the country or the jurisdiction of which the non-resident company is a resident of for tax purposes.

 hr news

HR Trends 2018



Keeping up with the global trends has become essential for organisations so that they are able to keep track of their significant goals. The major internal shift in 2018 is the focus on technology: how it can be used to engage, replace, hunt, and connect with people. This year, the biggest trends in HR revolve around technology. Listed below are three top trends of HR in 2018:

Talent Hunt: With the sectors growing and emerging at a breakneck speed, war to hunt the best talent will become even more crucial. With the advent of social media, headhunting and getting in touch with candidates has become easier for the recruiter. For instance, talent pools can now be identified by searching simply through hash tags, sub-forums or other online communication methods.

Remote Workforce: Whether it's a coffee shop, workout places, home or anywhere else in the world – there's Wi-Fi! This has made possible for recruiters to hire people from anywhere in the world. Many start-ups are now almost built on remote teams. This is a way of giving work-life balance to employees to boost their retention rate, and for recruiters, internet has opened up a pool of candidates for them. From video conferencing to virtual trainings to other collaboration tools, this trend is only going to go on an upswing.

Blind Hiring: To avoid unconscious bias (based on the demographic data of candidates) during the screening and interview processes, many organisations have shifted towards blind hiring. This means recruiters have been focusing more on an individual's achievements and abilities – many have installed various recruitment software that anonymise and screen candidates purely based on their achievements and skills. Thus, this allows companies to build a more diverse workforce picked on merit.

Source: HBR

Quote

“Yesterday is gone. Tomorrow has not yet come. We have only today. Let us begin.”

– **Mother Teresa**, Albanian-Indian Roman Catholic nun and missionary

Happy Anniversary at ICAP

The following staff of The Institute of Chartered Accountants of Pakistan (ICAP) will complete his 10 years at ICAP during August, 2018. Congratulations to him!

- Shujaat Hussain Haideri, senior manager
Examination: 10 Years

Examination News

Result of Summer 2018 Examinations

The results of Summer 2018 Writing Skills Test (WST) and Assessment of Fundamental Competencies (AFC) Stage Examinations were declared on July 9, 2018. 1,042 (47.9%) examinees passed the AFC as compared to 2,028 (54.2%) examinees in the previous session. The results of Summer 2018 Multi Subject Assessment (MSA) and Certified Finance and Accounting Professional (CFAP) Stage Examinations will be declared on July 30, 2018.

Autumn 2018 Examinations

Autumn 2018 Certificate in Accounting and Finance (CAF), WST and AFC Stage Examinations would be held as per following detail:

Stage	Examination Dates
CAF	September 3-8, 2018
WST	September 7, 2018
AFC	September 25, 2018 (Commencement Date)

Time-Table for CAF Stage Examinations is available at the Institute's website. Exact date and time of AFC Stage Examinations will be communicated to each individual examinee through his/her admit card.

Admit Cards

Admit cards for WST and CAF Stage Examinations would be sent to the examinees by August 21, 2018 while admit cards for AFC Stage Examinations would be sent to the examinees by September 12, 2018.

bubbles & briefs

Joy on the job comes from doing purpose-driven work with a trusted team.



In working out mathematical equations, the Greek mathematician, Pythagoreans used little rocks to represent numbers. Hence the name of Calculus was born which means pebbles in Greek.



Sometimes the blessings are not in what **HE** gives; but in what **HE** takes away!

The water inside of a coconut is identical to human blood plasma. Many lives in third world countries have been saved from coconut water fed through an IV.



Organisation must make trade-offs between current competence and development potential.

"History teaches us that there are always headwinds when you're trying to create something that lasts."

Jeff Glueck, CEO of Foursquare

Source: HBR



DID YOU KNOW?

In 1873, Colgate made a toothpaste that was available in a jar.

**Weak people revenge.
Strong people forgive.
Intelligent people ignore.**



"I've invested my heart and soul in this company. I need a receipt for tax purposes."