



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

www.icap.org.pk

Volume 42 Issue 7 | July 2020

Newsletter

Governance, Transparency and Service to Members and Students

contents



meets & events

Post Budget Conference 2020:
Pakistan Post Covid-19 - Business and
Economic Measures 1

Post Provincial Budgets 2020 3

Webinar on Potential Impact of
COVID-19 on the Profession and Way
Forward 4

Webinar on Organizational Resilience

ICAP Mentorship Program –
Testimonials 5

ICAP Stands with the Government of
Pakistan to Pull Back the Nosedived
Economy

Best Corporate Report Awards 2020
Evaluation Criteria 6

BCR Award Criteria 2020 for NPOs

CA Toastmasters Club, Lahore 7

ICAP Toastmasters Club, Islamabad 8



member news

Professional Misconduct 9

New Fellows/Associate Members 10



technical update

Update: ICAP 12

Local Corporate Regulatory
Framework

Financial Reporting 14

International 15



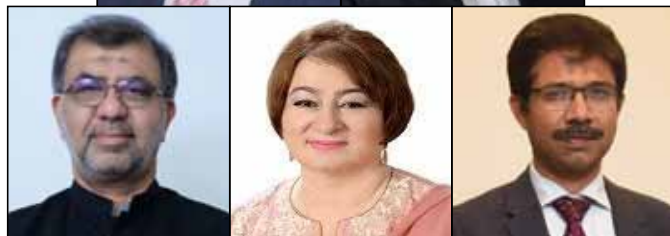
HR news

Laughter Will Keep Your Team
Connected 16



meets & events

Post Budget Conference 2020: Pakistan Post Covid-19 – Business and Economic Measures



From L to R (top): Dr. Abdul Hafeez Shaikh & Khalilullah Shaikh (bottom): Ashfaq Tola, Nausheen Amjad & Muhammad Awais.

The Institute of Chartered Accountants of Pakistan (ICAP) has submitted its recommendations for the Federal and Provincial Budgets to the Government. The Fiscal Laws Committee and Economic Advisory & Government Relationship Committee of the Institute, in collaboration with the Southern and Northern Regional Committees, organised **Post Budget Conference 2020: Pakistan Post Covid-19 – Business and Economic Measures** webinar on the Federal Budget 2020 on June 16, 2020. Advisor to the Prime Minister on Finance and Revenue, Dr. Abdul Hafeez Shaikh was the Chief Guest, and then Chairperson, Federal Board of Revenue (FBR), Nausheen Javaid Amjad was the Guest of Honour. The webinar was divided into two segments i.e. changes in Fiscal laws and its impact on Economy.

Pulling the world out from an economic crisis has now become a global endeavor. Economies all over the world, including Pakistan are now experiencing a socio-politico-economic meltdown. Also, the economy of our country is gravely affected and has placed the nation in an economic crisis that requires emergency strategies to pull back the nosedived economy, so as to protect the country from economic collapse.

Session 1: Committee on Fiscal Laws

The session chairman Muhammad Awais, Chairman Fiscal Laws Committee of ICAP welcomed the distinguished guests, speakers and panelists.

Naeem Akhter Sheikh, past president ICAP, made the presentation on Direct Tax, who highlighted the changes proposed in the Bill with analysis of its overall impact on the economy. It was followed by a Panel discussion led by Rana Muhammad Usman Khan, Vice President ICAP. Panelists included Saqib Masood, Partner KPMG Taseer Hadi & Co.; Haider Ali Patel, Partner EY Ford Rhodes; Asim Zulfiqar Partner A. F. Ferguson & Co.; and Rafqat Hussain, Partner Rafqat Hussain & Co.

Presentation on Indirect Tax was made by Asif Haroon, Partner A. F. Ferguson & Co. highlighting and analyzing the proposed changes. Panel discussion was led by Hina Usmani, Vice President ICAP. Panelists included Kamran Iqbal Butt, partner KPMG Taseer Hadi & Co. and Muhammad Raza, Partner A. F. Ferguson & Co. It was followed by Question & Answer session.

The session ended with the vote of thanks by the Chairman to all participants.

Session 2: Economic Advisory & Government Relationship Committee

The Economy segment included a critical discussion on the impact on the key economic indicators of Pakistan as a result of the global pandemic COVID-19, to deal with the prevalent healthcare crisis and suggest measures for the economic revival of the country.

The Chairman of the Economic Advisory & Government Relationship Committee, Ashfaq Tola, greeted the panelists and enlightened the viewers about their veracity of wisdom. CEO Macro Economic Insights Pvt. Ltd. and Former Member PM Economic Advisory Council Saqib Sherani; Director Pakistan Beverages Limited, Siraj Kassam Teli; President FPCCI Anjum Nisar; CEO Business Recorder Group, Wamiq Zuberi were the panelists who shared their insightful views on the Finance Bill 2020-21 and spoke about how to fix the anomalies through adequate economic measures. Partner A. F. Ferguson & Co. & Member NRC, JehanZeb Amin, moderated the session in his unique style.

The session chair and past president ICAP, Asad Ali Shah appreciated the views presented by all panelists. He criticized the current Budget 2020-21 and accentuated the fact that Pakistan's economic situation was not very good before the outbreak of COVID-19. He suggested to look at the global models to support Pakistan's economy

Session-1: Direct Taxes



From L to R (top): Naeem Akhter Sheikh, Rana Muhammad Usman Khan & Saqib Masood (bottom): Haider Ali Patel, Asim Zulfiqar & Rafqat Hussain.

Session-1: Indirect Taxes



From L to R: Asif Haroon, Hina Usmani, Kamran Iqbal Butt & M. Raza.

Session-2: Economy



From L to R (top): Saqib Sherani, Asad Ali Shah, Siraj Kassam Teli, Anjum Nisar, Wamiq Zuberi & JehanZeb Amin.

and draw Government's attention towards issuing stimulus package of minimum 10% of GDP, reducing interest rate up to 3%, and deferring debt re-profile for a few more years. He emphasized to think from the humanistic perspective because economies are run by a strong and healthy human capital. He emphasized that unhealthy nations cannot emerge as leading economies. He further added "In spirit of sustainability, we need to save our people first to deal with the economic crisis. It is high time to think about economic success by going beyond GDP and profit. Our Federal government need to take all provincial governments on board to reconcile

the tension between our current economic priorities; to cope up with the prevalent global healthcare crisis by extending our means; and to streamline strategies to shape the way people think about economy to deal with the economic constraints imposed on us. Let's think

wisely to deal with this global epidemic to emerge as a socio-economic warrior."

Ashfaq Tola, gave the vote of thanks to the session's chair and all other panelists.

Post Provincial Budgets 2020



From L to R: Muhammad Awais, Khalilullah Shaikh, Rana Muhammad Usman Khan & Muhammad Ali Latif.



From L to R (top): Khalid Mahmood, Zain-ul-Abidin Sahi, Dr. Saqib Ahmad Khan, Syed Mushtaq Kazimi & Iftikhar Qutab (bottom): Javed Ahmad, Amer Javed Ahmad, Asad Feroze, Asad Ali Shah & Naseebullah Umrani.

ICAP has submitted its recommendations for the Federal and Provincial Budgets to the Government. On June 25, 2020, the Fiscal Laws Committee organized a webinar on **Post Provincial Budgets 2020**.

Guests of Honour included Khalid Mahmood, Chairman Sindh Revenue Board; Zain-ul-Abidin Sahi, Chairman Punjab Revenue Authority; and Dr. Saqib Ahmad Khan, Chairman Balochistan Revenue Authority.

After the welcome address by President ICAP, Khalilullah Shaikh, the Chairman, Fiscal Laws Committee, Muhammad Awais requested Asad Feroze, Partner, Grant Thornton Anjum Rahman and Amer Javed Ahmad, Senior Partner, Rafaqat Babar & Co. for their presentations. After the presentations, the respective

guests of honour presented the overview on the budgets. This was followed by a panel discussion. The Chairman for the session was Rana Muhammad Usman Khan, Vice President ICAP.

Panelists included Javed Ahmad, Tax Economist Punjab Revenue Authority; Iftikhar Qutab, Advisor on Tax Policy, Administration, Research and Reforms Khyber Pakhtunkhwa Revenue Authority; Syed Mushtaq Kazimi, Advisor Tax Policy Sindh Revenue Board; Dr. Saqib Ahmad Khan, Chairman and Naseebullah Umrani, Member Operations Balochistan Revenue Authority; and Muhammad Ali Latif, Chairman CPD Committee & Council Member ICAP. In the end, Asad Ali Shah, past President ICAP was requested to share his views. The webinar ended with the vote of thanks by the Committee Chairman.

Webinar on Potential Impact of COVID-19 on the Profession and Way Forward

COVID-19 is not just a world health emergency; it is an economic one too. The Economic impacts are easy to see and emergency provisions are being made worldwide in an attempt to support individuals, businesses and professional accountants. Our members, both in industry and practice are also facing challenges during these difficult times. Keeping in view the significance of the topic for members in practice as well as in industry, the Northern Regional Committee (NRC) of The Institute of Chartered Accountants of Pakistan (ICAP) organized a webinar on **Potential Impact of COVID-19 on the Profession and Way Forward** on May 5, 2020 from 3:00 pm to 5:00 pm on Zoom and Facebook. The webinar was conducted in two sessions, the first session was on **Industry Perspective** while the second session was on **Practice Perspective**.

The webinar started with welcome address by Rafqat Hussain, Chairman NRC, who highlighted Economic and Social impacts of COVID-19 and also discussed some opportunities coming out of it for the members.

The session on Industry Perspective was moderated by JehanZeb Amin, member NRC. The panelists Included Abdul Wahid Qureshi, Chief Executive Officer Berger 3S Pharma Cuticles Ltd., Moqem ul Haque, Chief Commercial and Group Strategy Officer PTCL, Sajjad Iftikhar, Chief Investment Officer Packages Group and Farooq Wasi, Chief Internal Auditor MCB Bank Ltd.

Session on practice perspective was moderated by Ali Saif Cheema, Member NRC. The panelists Included Naem Akhtar Sheikh, past President ICAP & SAFA, Partner UHY Hassan Naem & Co. Muhammad Nasir Muneer, Partner Crowe Hussain Chaudhary & Co. Ahmad Jabbar, Senior Partner Randall AJS & Co., and Mr. Farooq Hameed, Member NRC.

Rana Muhammad Usman Khan, Vice President North, ICAP appreciated the efforts of the regional committee for holding this important webinar and extended his vote of thanks.

Potential Impact of COVID-19 on the profession and Way Forward

Tuesday, 5th May, 2020
3:00pm to 5:00pm
2 CPD Hours

Opening Remarks
Rafqat Hussain, FCA
Chairman NRC-ICAP

Chief Guest
Rana M. Usman, FCA
VP North ICAP

1st Session Industry Perspective

Moderator: Jehanzeb Amin, FCA
Chairman CPD Committee Rawalpindi/Islamabad, Partner A.P. Ferguson

Panelists:

- Abdul Wahid Qureshi, FCA
Chief Commercial and Group Strategy Officer PTCL
- Moqem Ul Haque, FCA
CEO Berger 3S Pharmaceuticals Ltd.
- Sajjad Iftikhar, FCA
Chief Investment Officer Packages Group
- Farooq Wasi, FCA
Chief Internal Auditor - MCB Bank Ltd.

2nd Session Practice Perspective

Moderator: Ali Saif Cheema, FCA
Chairman CPD Committee Lahore, Partner Muhammad Ali Hussain & Co.

Panelists:

- Naem Akhtar Sheikh, FCA
Past President ICAP & SAFA, Partner UHY Hassan Naem & Co.
- Muhammad Nasir Muneer, FCA
Partner Crowe Hussain Chaudhary & Co.
- Ahmad Jabbar, FCA
Senior Partner Parker Randall AJS & Co.
- Farooq Hameed, FCA
Partner Assurance EY Ford Rhodes

Platform: LIVE Zoom and Facebook

111-000-422 | www.icap.org.pk | icapofficial | icap.ca | icap-ca | icappakistan

Organizational Resilience Today and Tomorrow - Leadership Perspective

The Professional Accountants in Business (PAIB) Committee of ICAP conducted a webinar **Organizational Resilience Today and Tomorrow - Leadership Perspective** on May 18, 2020.

The panelists for the webinar included, Saquib H Shirazi, Chief Executive Officer, Atlas Honda and Vice Chairman, Pakistan Business Council; Dr. Umar Saif, Founder and CEO, SurveyAuto.com, Chief Digital Officer Geo/Jang Media and Chief Investment Officer at Khudi Ventures; Hasnain Moochhala, Chief Financial Officer, Engro Corporation and Asma Shaikh, Chief Human Resource Officer (CHRO), National Bank of Pakistan. The session was moderated by Veqar Ul Islam, Director and Chief Executive at Jaffer Business Systems and President, Touchpoint Pvt. Ltd.

The webinar included the leadership (CEO, CFO, CHRO and CTO) perspective and key learnings on building organizational resilience and navigating through the crisis during these times. The panelists also shared insights into managing pressure, directional strategies and dynamics of finance and technology. The session concluded with audience questions and interesting rapid fire questions.

The webinar was viewed by 7300 participants locally as well as internationally on Zoom and on the ICAP Official Facebook Page.

A paper based on the webinar was also published and is available at www.icap.org.pk/paib.

ICAP Mentorship Program – Testimonials



“The qualification of Chartered Accountancy, is no doubt one of the most prestigious qualifications in Pakistan. Our members are well positioned in various facets of profession, industry and commerce. This is in spite of the fact that the traditional role of CA’s has greatly evolved compared to a few decades ago. It is now predominantly business advisory, in addition to technical expertise in the core fields of accounting, tax, corporate matters and auditing regime. While obtaining the Chartered Accountancy qualification is a major accomplishment, it is just the start of your professional life and as you move along in your post qualification era, you need to make timely decision to navigate your career in the right direction.

ICAP launched the Mentorship Program in the year 2017 and I offered my services as a Mentor in the first batch of Mentors and also participated in the finalization of the finer points and the modus operandi of the Mentoring Program before it was launched. I am delighted to say that over the last three years, I have mentored over a two dozen Chartered Accountants. I must say that on a personal level, it has given me an opportunity to give back to my profession.

Some of the mentees completed their mandatory period of mentorship and are now on their own, some of the mentees have shared their achievements post mentorship and I am happy that a few of the mentees are still in contact with me for constant guidance as they move in their career.

In the end I would like to say that one should not shy away from taking advice from their seniors and discussing their career aspirations.”

Zafar Sobani, Independent Consultant



“The mentorship program of ICAP is a remarkable initiative and I am honored to be a part of it. It gives me immense pleasure to guide and motivate the youth of our fraternity aspiring for greater success in life. Till now, I have mentored a number of young men and women from our profession who have approached me through this program regarding their perceived difficulties or obstacles. I would like to quote Stephen Spielberg here, who says “The delicate balance of mentoring someone is not creating them in your own image, but giving them the opportunity to create themselves”. True to this spirit, the young minds are shown possibilities that they were oblivious of and provided the required confidence boost. I strongly recommend all our fledgling CAs to utilize and make the most of this opportunity provided by our alma mater, ICAP”

Moneeza Usman Butt, Partner KPMG Taseer Hadi & Co.

ICAP Stands with the Government of Pakistan to Pull Back the Nosedived Economy



The Chairperson of the Federal Board of Revenue - Nausheen Amjad constituted the **Anomaly Committee – Technical** to identify and remove the technical and legal anomalies from the Finance Bill 2020 on June 16, 2020. ICAP's Council Member and Chairman of Economic Advisory & Government Relationship Committee - Ashfaq Yousuf Tola has been appointed as the chairman for the second consecutive year to provide his guidance and valued suggestions to pullout the country from the economic crisis that requires emergency strategies to protect the country from economic collapse. His appointment has been positively hailed as a befitting recognition of his professional depth, caliber, and dedication for his varied contributions to ICAP and Government of Pakistan over the past years. With his continued support in an advisory role, ICAP is expected to strengthen good relations with the governmental machinery for sustainable economic growth of Pakistan.

Best Corporate Report Awards 2020 Evaluation Criteria

The Evaluation Committee, a subcommittee of the Joint Committee of The Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) has approved Best Corporate Report Awards Criteria 2020. The criteria is available to download at the link: <http://www.icap.net.pk/wp-content/uploads/bcr/BCREvaluationCriteria2020.pdf>

BCR Award Criteria 2020 for NPOs

The Evaluation Committee has also approved BCR criteria 2020 for NPOs (NPO criteria 2020). The only change made in the NPO criteria 2020 is in Para 4.21 'Timely Communication' which is as follows:

Date of authorization of Financial Statements by the Board of Directors / Trustees:

- within 60 Days --- 6 Marks
- within 75 days --- 4 Marks
- within 90 Days --- 2 Marks

The criteria is available to download at the link: <http://www.icap.net.pk/wp-content/uploads/bcr/BC2020NPOs CRITERIA2020.pdf>

Remembrance



Rao Haider Ali, a student of CAF who was studying in Faisalabad, passed away on June 15, 2020 during an unfortunate robbery incident in his hometown Sahiwal.

Haider was a brilliant student who was preparing to give his qualifying attempt of CAF in September 2020. His father, Rao Mumtaz Hussain, passed away when he was 25 days old. He was deeply loved by his five sisters and mother who always encouraged him to follow his dreams. He was a humble person who lived life to the fullest.

May God have mercy on him and grant him a place in Jannah. May God comfort his family and friends in their loss and grief.

CA Toastmasters Club, Lahore



Due to the outbreak of Coronavirus, the Executive Committee of the CA Toastmasters Club Lahore decided to hold the meetings of the club online. Therefore, Meeting No. 194 of the CA Toastmasters Club, Lahore was held on May 2, 2020 through Zoom Online Application. Toastmasters of the meeting was TM Mudasser Ashfaq and presiding officer of the meeting was TM Ghulam Abbas. General Evaluator for the meeting was DTM Iftikhar Taj. The role of Grammarian was performed by TM Mustafa A. Khan, the role of Timer was performed by Faisal Amjad, the role of Ah Counter was performed by TM Amir Chughtai and the role of Vote Counter was performed by TM Saad Hassan. Three Toastmasters delivered their prepared speeches on different topics during the prepared speeches session. The first project was delivered by TM Hamid Raza which was evaluated by TM Kashif Sehgal. Then DTM Shahid Jamal Kazi delivered his project which was evaluated by DTM Saif Sheikh and DTM Zunair Zafar delivered his project which was evaluated by DTM Malik Umair. The award for Best Prepared Speaker of the meeting was won by DTM Shahid Jamal Kazi and the award for the Best Evaluator of the meeting was won by TM Saif Ali Sheikh. The Thinking Practice session was conducted by Table Topic Master, Adnan Khokhar, who called

various members and guests on stage to speak impromptu on different topics. The award of the Best Table Topic Speaker was won by TM Jayya Jaggi.

Meeting No. 195 was held on May 14, 2020 through Zoom Online Application. In this meeting the Club members held elections for the Executive Committee members for the term 2020-21 of CA Toastmasters Club Lahore. The nomination chair of the meeting was DTM Usman Tahir who conducted the elections. For the post of the President of the Executive Committee for the term 2020-21, the club members elected TM Muhammad Asim. For the post of Vice President Education, TM Adnan Khokhar was elected. TM Latif Ahmed Saqi was elected for the post of Vice President Membership. The members elected TM Asim Azhar as Vice President Public Relations. For the post of Secretary of the Executive Committee DTM Shahid Jamal Kazi was elected. TM Anayat Ullah Khan was elected for the post of Treasurer of the Club. TM Mudasser Ashfaq was elected as Sargent at Arms of the Club.

The regular meetings of the CA Toastmasters Club are held on alternate wednesdays of each month. Guests can also join in without any hesitation to witness the proceedings of the meetings.

ICAP Toastmasters Club, Islamabad



From L to R: DTM - Malik Muhammad Omair - Club Growth Director 2020-2021; TM Aneel Peter- 1st Place Winner of District Evaluation Speech Contest; TM Athar Ahmad - 1st Place Winner of Division International Speech Contest and Second Place winner of Area and District Competition; and TM Jamal Ahmad - 1st Place Winner of Area Table Topics Contest.

Proceedings of contests held during May 2020

May 2020 was full of excitement and joy for ICAP Toastmasters club as numerous inter-club contests took place at Area, Division and District level and members of our clubs represented and secured positions in those contests. The details of the contests are given below:

Area Level Speech Evaluation Contest of District 122 was held on May 9, 2020 where 07 contestants from the Area's 07 Toastmasters clubs participated and **TM Aneel Peter** from ICAP TMC secured first place in the contest.

Area level Table Topics Contest of District 122 was held on May 15, 2020 where participants from the Area's 07 Toastmasters clubs participated and **TM Jamal Ahmed** secured first place in the contest.

Division Level Speech Evaluation Contest of District 122 was held on May 17, 2020 where contestants from Area 3, Area 04 and Area 05 participated. TM Aneel Peter, TM Khurram Bhatti, TM Saad Suhail, TM Jaya Jaggi, TM Shahid Jamal Kazi, & TM Shawaz Baluch participated and **TM Aneel Peter** again from ICAP TMC won the contest and made us all proud.

First ever District Level Competition of District 122 was held on May 30, 2020 where International Speech Contest and Speech Evaluation Contest was held. Winners from the division level contests participated in the district level. ICAP TMC won the Speech Evaluation Contest as TM Aneel Peter secured first place in the contest. TM Athar Ahmad made our club proud by securing second place in the District International Speech Contest. Kudos to our Champions TM Aneel Peter, TM Athar Ahmad & TM Jamal Ahmed for making us all proud with their remarkable performance.

Regular Meetings during May 2020

Among these contests, ICAP TMC continued its regular engaging and fun meetups. The themes of the meetings



were opportunity, marriage, anger and other interesting topics. The winners for meeting 97, 98, & 99 of the online meetings respectively were: Best Table Topic Speaker: TM Kashif Sehgal, TM Jamal Ahmed, DTM Zunair Zafar; Best Prepared speaker: TM Athar Ahmed, TM Athar Ahmed, TM Bilal; Best Evaluator: TM Saleha Sohail, TM Aneel Peter, DTM Malik Muhammad Omair; and Best of big three: TM Yasir Ijaz, TM Saleha Sohail, TM Saleha Sohail.

Elections held for the term 2020-2021

Elections for the next year term have also been conducted and the new Executive Committee from July 2020 - June 2021 has been elected.

TM Aneel Peter as President, TM Athar Ahmad as VP Education, TM Jamal Ahmed as VP Membership, TM Yasir Ijaz as VP Public Relations, TM Moazzam Siddique as Club Secretary, TM Zeeshan Saif as Treasurer, TM Haider Ali as Sergeant at Arms.

Congratulations to the new officer bearers for the next term and we hope that they will raise the bar even higher as set by the President **TM Mudassar Ghulam Nabi**.

Another news for ICAP TMC is that **DTM Malik Muhammad Omair** has been elected as Club Growth Director. He has been providing his untiring support for the improvement of the club and we wish him best of luck for his future endeavors.

 member news

Professional Misconduct Findings and Decisions of the Council under Section 20I of the Chartered Accountants Ordinance, 1961

- 1) It was noted that a practicing member of the Institute did not communicate with the outgoing auditor before accepting the audit of the financial statements of a School in order to determine whether there were any professional reasons for not accepting the engagement which results in professional misconduct under the provisions of the Chartered Accountants Ordinance, 1961.

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principle stated in Paragraph 100.5(c) (Professional Competence & Due Care) of the Code of Ethics for Chartered Accountants (April 28, 2015) contained in Directive 6.04 of the Institute.
- Clause (7) of Part 1 of Schedule I of the Chartered Accountants Ordinance, 1961 for accepting a position as auditor previously held by another member of the Institute without first communicating with him in writing.

The Council decided to warn the member under Section 20D of the Chartered Accountants Ordinance, 1961.

- 2) It was noted that a practicing member of the Institute was involved in circulation of emails advertising professional services which results in professional misconduct under the provisions of the Chartered Accountants Ordinance, 1961.

In view of the above, after considering the report of the Investigation Committee, the information and

evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (5) of Part 1 of Schedule I of the Chartered Accountants Ordinance, 1961 for soliciting clients for professional work either directly or indirectly by circular, advertisement, personal communication or by any other means;
- Clause (6) of Part 1 of Schedule I of the Chartered Accountants Ordinance, 1961 for advertising professional attainments and services; and
- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principle stated in Paragraph 100.5(c) (Professional Competence & Due Care) of the Code of Ethics for Chartered Accountants (April 28, 2015) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

- 3) It was noted that a practicing member of the Institute was involved in circulation of emails advertising professional services which results in professional misconduct under the provisions of the Chartered Accountants Ordinance, 1961.

In view of the above, after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing, the Council decided to hold the member guilty of professional misconduct under:

- Clause (5) of Part 1 of Schedule I of the Chartered Accountants Ordinance, 1961 for soliciting clients for professional work either directly or indirectly by circular, advertisement, personal communication or by any other means;
- Clause (6) of Part 1 of Schedule I of the Chartered Accountants Ordinance, 1961 for advertising professional attainments and services; and

- Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principle stated in Paragraph 100.5(c) (Professional Competence & Due Care) of the Code of Ethics for Chartered Accountants (April 28, 2015) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

- 4) It was noted that a practicing member of the Institute affixed stamp of his firm on the financial statements of a private limited company which is a violation of Circular No. 4/99 dated June 17, 1999 of the Institute and the relevant International Standards on Auditing.

In view of the above and after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during the hearing, the Council decided to hold the member guilty of professional misconduct under Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principles stated in Paragraphs 100.4(c) (Professional Competence & Due Care) and 100.4(e) (Professional Behavior) of the Code of Ethics for Chartered Accountants (May, 2008) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

- 5) It was noted that a practicing member of the Institute affixed stamp of his firm on the financial statements of a private limited company which is a violation of Circular No. 4/99 dated June 17, 1999 of the Institute and the relevant International Standards on Auditing.

In view of the above and after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during the hearing, the Council decided to hold the member guilty of professional misconduct under Clause (3)

of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principles stated in Paragraphs 100.4(c) (Professional Competence & Due Care) and 100.4(e) (Professional Behavior) of the Code of Ethics for Chartered Accountants (May, 2008) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

- 6) It was noted that a practicing member of the Institute affixed stamp of his firm on the financial statements of a private limited company which is a violation of Circular No. 4/99 dated June 17, 1999 of the Institute and the relevant International Standards on Auditing.

In view of the above and after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during the hearing, the Council decided to hold the member guilty of professional misconduct under Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principles stated in Paragraphs 100.4(c) (Professional Competence & Due Care) and 100.4(e) (Professional Behavior) of the Code of Ethics for Chartered Accountants (May, 2008) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

- 7) It was noted that a practicing member of the Institute, Mr. Mubarak Ali, FCA [R-1169], was requested by an entity (the Complainant) to confirm the authenticity of the financial statements of two Societies on which the audit reports were issued in the name of his firm, M. A. Chaudhri & Co., Chartered Accountants. In response, a letter was issued from his office in which the aforesaid audit reports were disowned and it was mentioned that such audit reports were prepared on forged documents. Subsequently, another letter was issued from the office of the member to the Complainant, by virtue of which the aforesaid letter was withdrawn, thereby accepting

to have conducted the audit of the Societies which was denied earlier. Therefore, the member furnished contradictory and misleading information to the Complainant and did not exercise due care in this regard.

In addition to the above, the member did not provide certain information which was required by the Institute in relation to the proceedings. The Council provided opportunities of hearings to the member which he did not avail.

In view of the above and after considering the report of the Investigation Committee, the information and evidence available on record and the written submissions made by the member, the Council decided to hold Mr. Mubarik Ali, FCA [R-1169] guilty of professional misconduct under Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not supplying the information called for by the Institute and for not complying with the fundamental principles stated in Paragraphs 100.4(a) (Integrity) and 100.4(c) (Professional Competence & Due Care) of the Code of Ethics for Chartered Accountants (May, 2008) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

New Fellows/Associate Members

The Institute welcomes the following fellows and associate members:

Fellow Members

S. No.	R-No.	Name
1.	4052	Fawad Ahmed
2.	4302	Kashif Arshad
3.	4829	Hassan Mehmood
4.	5136	Kashif Hussain
5.	5304	Muhammad Shahzad Farooq
6.	5361	Adeel Ahmed
7.	5413	Saad Tariq Qureshi
8.	5467	Abdullah Anis
9.	5483	Daniyal Hassan

10.	5608	Afshan Nayab Joseph
11.	5703	Adeel Hassan Anwar
12.	5732	Fazal Karim
13.	5734	Fahd Younus
14.	5813	Afsheen Shakoor
15.	5915	Khizar Hayyat
16.	5932	Saad Sultan Sheikh
17.	5952	Talha Ehtesham
18.	5984	Muhammad Waqas Bhatti
19.	5989	Majid Asghar Ali
20.	6010	Syed Ali Akbar
21.	6026	Erum Zehra
22.	6054	Hashmat Ali
23.	6078	Farhan Alam Jarwar Baloch
24.	6102	Muhammad Sufyan
25.	6856	Aneel Peter

Associate Members

S. No.	R-No.	Name
1.	10748	Daniyal
2.	10749	Syed Sohail Abbas
3.	10750	Anum Wasi
4.	10751	Syed Wahid Ali Shah
5.	10752	Mustafa Mazher
6.	10753	Ali Rizwan Babar

New Firm

The Institute welcomes the following new firm:

S. No.	Name of Firm	Location
1.	Syed Faisal Maaz & Co.	Karachi

Change of Name

The Institute recorded the following change of name of firm:

S. No.	Old Name of Firm	New Name of Firm
1.	Jawwad Lakhani & Co.	Hafiz & Co.

Deceased Member

The Institute mourns the sad demise of the following member:

S. No.	R-No.	Name
1.	1583	Syed Ikram Haider



technical update

Update:

ICAP**ICAP issues circular on Auditor's Report on Financial Statements of the Retirement Benefit Funds**

ICAP vide Circular No. 5/2020 (dated May 15, 2020) clarifies that auditor of a retirement benefit fund should conduct audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan and issue a report on financial statements in accordance with the ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements.

Circular can be accessed on following link:
<http://www.icap.net.pk/archives/5794>

ICAP requests for comments on Exposure Draft Technical Release 'Accounting for Common Control Transactions'

ICAP vide Circular No. 6/2020 (dated June 08, 2020) has requested comments on exposure draft technical release 'Accounting for Common Control Transactions' by July 8, 2020. The aim of the technical release is to improve relevance, reliability and comparability of financial statements with regards common control transactions.

The exposure draft technical release establishes principles and requirements for how the receiving entity:

- recognizes and measures in its financial statements a business combination under common control (BCUCC) or a group restructuring transaction; and
- determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of a BCUCC or a group restructuring.

Circular can be accessed on following link:
<https://www.icap.net.pk/wp-content/uploads/2020/06/CircularNo6-2020.pdf>
<https://www.icap.net.pk/wp-content/uploads/2020/06/ED-Technical-Release-BCUCC.pdf>

ICAP publishes updated list of practicing firms having satisfactory QCR rating

The Institute of Chartered Accountants of Pakistan (ICAP) has published list of practicing firms having satisfactory Quality Control Rating (QCR) as on June 1, 2020.

The list can be found on the below link:
<https://www.icap.org.pk/files/per/quality-assurance/List-of-Firms.pdf>

Local Corporate Regulatory Framework**SECP issues draft amendments to the Credit Rating Companies Regulation, 2016**

SECP vide S.R.O. 457 (I)/2020 (dated May 20, 2020) issued draft amendments to the Credit Rating Companies Regulation, 2016 for information of all persons likely to be affected by the regulation. The draft amendments mainly propose the following:

- Definition of private rating, solicited rating and unsolicited rating to be added while substantial shareholder to be omitted in Regulation 2;
- Promoters or sponsors or substantial shareholders and directors holding qualifying shares, maximum up to 2% of total share capital shall be exempt from giving undertaking, that they shall not enter into any agreement for sale or transfer of their shares in any manner without prior approval of the Commission;
- Internationally recognized credit rating institution shall be notified by the Commission from time to time;
- Insertion of new provision i-e shareholders of newly formed credit rating company shall comply with the requirement of clause (b)(i) &(ii) of Regulation 10 (1) within a period of three years from the date of obtaining;
- Director holding qualifying shares, maximum up to 2% of total share capital can change its shareholding without prior written approval of the Commission;
- Credit rating company now instead of obtaining prior approval just needs to intimate the Commission for offering of any new rating product/services; and
- Insertion of new Regulation 25 A Relaxation from the requirement of Regulation.

Draft amendment can be accessed on following link:
<https://www.secp.gov.pk/document/draft-amendments-to-the-credit-rating-companies-regulation-2016/?wpdmdl=39317&refresh=5edf6905474c21591699717>

SECP issues draft amendments to Public Offering (Regulated Securities Activities Licensing) Regulations, 2017

SECP vide S.R.O. 456 (I)/2020 (dated May 20, 2020) issued draft amendments to Public Offering (Regulated Securities Activities Licensing) Regulations, 2017 for information of all persons likely to be affected by the regulation. The draft amendments propose the following:

- New eligibility criteria for Consultant to an issue shall be inserted in Schedule I as follows:

- a scheduled bank registered with the securities exchange as market maker; or
- an Audit firm engaged in professional management services; or
- a development financial institution registered with the securities exchange as market maker; or
- an investment bank registered with the securities exchange as market maker;
- After sub clause (iii) in Consultant of an issue Schedule I, following new sub clause (iv) shall be added: "in case of scheduled bank, investment bank and development financial institution registered with the securities exchange as market maker it must be compliant with all the requirements laid down by the securities exchange relating to market making."
- Previously Underwriter was only a scheduled bank, a development financial institution or licensed securities broker but now Mutual Funds compliant with non-banking finance companies' framework or a licensed securities broker can also be an underwriter.

Draft amendment can be accessed on following link:
<https://www.secp.gov.pk/document/draft-amendments-to-public-offering-regulated-securities-activities-regulations-2017/?wpdmdl=39318&refresh=5edf690544e0b1591699717>

SECP issues draft amendments to Public Offering Regulations, 2017

SECP vide S.R.O. 458 (I)/2020 (dated May 20, 2020) issued draft amendments to Public Offering Regulations, 2017 for information of all persons likely to be affected by the regulation. The draft regulation mainly proposes the following:

- Substitution of few definitions such as Bids, Book Building, Shelf Registration, Limit Bid, Shelf Registration, Tranche;
- Insertion of new definitions such as Cut off profit rate/ spread, Government Guaranteed Sukuk, Reverse Dutch Auction Method,
- Substitution and insertion of few clauses in Regulation 3 General Conditions for Public Offer of Securities;
- Insertion of new Regulations 15a. Book Building Mechanism for debt securities, 15b. Restrictions and 15c. Procedure for allocation of debt securities to the retail investors; and
- In addition to above some amendments have also been proposed under Regulation 5, 6, 7, 8, 9, 11, 12 and 13.

Draft amendment can be accessed on following link:
<https://www.secp.gov.pk/document/draft-amendments-to-public-offering-regulations-2017/?wpdmdl=39319&refresh=5edf6905426ed1591699717>

SECP issues draft amendments to the Shariah Governance Regulations, 2018

SECP vide S.R.O. 510 (I)/2020 (dated June 3, 2020) issued draft amendments to the Shariah Governance Regulations, 2018 for information of all persons likely to be affected by the regulation. The draft amendments propose the following:

- Substitution of Regulation 11 sub regulation b i.e. in case of listed company shariah screening criteria will be as notified by the PSX and duly approved by Oversight Committee; and
- Regulation 12-Exchange to conduct the Shariah screening process has been revised as 12-An Oversight Committee to conduct Shariah screening process.

Draft amendment can be accessed on following link:
<https://www.secp.gov.pk/document/draft-amendments-to-the-shariah-governance-regulations-2018/?wpdmdl=39468&refresh=5ee1b7bd30a8f1591850941>

SECP issues amendments to the Central Depositories (Licensing and Operations) Regulations, 2016/ Clearing Houses (Licensing and Operations) Regulations, 2016/ Securities Exchanges (Licensing and Operations) Regulations, 2016

SECP vide S.R.O. (I)/2020 (dated June 11, 2020) issued amendments to the regulations. The amendments mainly cover the following:

- Maximum period of service of independent director on the board is reduced from three to two consecutive terms from date of first appointment;
- Central depository / clearing house / securities exchange shall maintain a panel of fit and proper persons suitable for appointment as independent directors in accordance with the guidelines issued by the Commission;
- New proviso inserted in Regulation 9 sub-regulation 3 clause (c);
- Mandatory requirement for presence of at least one independent director to constitute the quorum of the meeting of the board of directors shall not be applicable in the case of first meeting of the board of directors after the election of directors in which the names of the independent directors are to be finalized for submission to the Commission;
- Clearance from the Commission on the fit and proper criteria evaluation of the directors to be submitted prior to their appointment or election,
- Compliance officer shall maintain effective liaison with Commission through periodic meetings and submission of reports as may be required by the Commission;

- Compliance officer shall submit a comprehensive report on a quarterly basis to the Commission regarding matters reported during the respective quarter;
- In addition to above few amendments made in Annexure-1 Fit and Proper Criteria.

In addition to above, SECP also made certain other amendments to the Securities Exchanges (Licensing and Operations) Regulations, 2016 such as:

- The board of directors of a securities exchange shall have independent director not less than one third of its total directors;
- a director of the securities exchange, other than its chief executive officer, shall not be nominated on more than one board of other self-regulatory organizations; and
- A securities exchange shall, with approval of its board of directors, constitute a Regulatory Affairs Committee comprising of at least 3 independent directors and one shareholder director.

S.R.O can be accessed on following link:

<https://www.secp.gov.pk/document/sro-i-2020-amendments-to-central-depositories-licensing-and-operations-regulations-2016/?wpdmdl=39471&refresh=5ee3a3b6e77841591976886>
<https://www.secp.gov.pk/document/sro-i-2020-amendments-to-clearing-houses-licensing-and-operations-regulations-2016/?wpdmdl=39472&refresh=5ee3a3b6e4e1b1591976886>
<https://www.secp.gov.pk/document/sro-i-2020-amendments-to-the-securities-exchanges-licensing-and-operations-regulations-2016/?wpdmdl=39473&refresh=5ee3a3b6e248c1591976886>

SECP issues amendments to the Futures Exchanges (Licensing and Operations) Regulations, 2017

SECP S.R.O. (I)/2020 (dated June 11, 2020) issued amendments Futures Exchanges (Licensing and Operations) Regulations, 2017. The amendment covers the following:

- In Annexure-1 Fit and proper Criteria section (b), clauses (iii) to (viii) shall be deleted and substituted with the new clause (iii); and
- In Annexure I Fit and Proper Criteria, after clause (viii) of section (b), all provisos shall be deleted and substituted with the new proviso.

S.R.O can be accessed on following link:

<https://www.secp.gov.pk/document/sro-i-2020-amendments-to-futures-exchanges-licensing-and-operations-regulations-2017/?wpdmdl=39474&refresh=5ee3a3b6dfa2d1591976886>

SBP issues guidelines 'Transfer and Assignment of Non-Performing Assets to Corporate Restructuring Companies (CRCS)'

SBP vide BPRD Circular No. 03 of 2020 (dated May 15, 2020) issued regulatory guidance to the Banks/DFIs for transfer and assignment of their Non-Performing Assets to the CRCs.

Guideline mainly covers the following:

- Policy framework for transfer and assignment of NPAs to CRCs;
- Discussion on non-applicability of Exposure limits;
- Accounting for transfer and assignment of NPAs to CRCs;
- Consideration for transfer and assignment of non-performing assets; and
- Disclosure requirements

Circular can be accessed on following link:

<http://www.sbp.org.pk/bprd/2020/C3.htm>

Financial Reporting

IASB issues amendment to IFRS 16 Leases

IASB on May 28, 2020 issued amendments to IFRS 16 Leases to make it easier for lessees to account for covid-19-related rent concessions such as rent holidays and temporary rent reductions.

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19 - related rent concessions that reduce lease payments due on or before June 30, 2021.

Amendment can be accessed on following link

<https://www.ifrs.org/news-and-events/2020/05/iasb-issues-amendment-to-ifrs-standard-on-leases/>

IASB conducted Webcast 'A primer for investors on how to get the most out of companies' IFRS 9 and IFRS 7 disclosures'

IASB on June 4, 2020 conducted a webcast for investors which outlined the information that entities will provide about ECL in their financial statements and notes prepared using IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures.

Webcast includes illustrative examples to explain the new loan loss allowance recognition and measurement model and related disclosures on ECL. Investors may find this information useful in analyzing the ECL balances of entities that are most likely to be affected by IFRS 9, such as banks and financial institutions.

Webcast can be accessed on the following link:
<https://www.ifrs.org/news-and-events/2020/06/webcast-a-primer-for-investors-on-how-to-get-the-most-out-of-companies-ifrs-9-and-ifrs-7-disclosures/>

Meeting papers and agenda for June 2020 IFRIC meeting

The meeting papers and the agenda for the IFRS Interpretations Committee meeting scheduled on June 16, 2020 have been published on June 5, 2020. The topics for discussion are:

- Supply Chain Financing Arrangements—Reverse Factoring;
- Sale and leaseback with variable payments (IFRS 16);
- Deferred Tax related to an Investment in a Subsidiary (IAS 12);
- Player Transfer Payments (IAS 38); and
- IFRS Interpretations Committee work in progress

Further details can be found on the link below:
<https://www.ifrs.org/news-and-events/2020/06/june-2020-ifrs-interpretations-committee-meeting-papers-and-agenda-available/>

Audit and Ethics

IAASB publishes 'Guidance On Auditor Reporting in Current Evolving Environment due to COVID-19'

IAASB on May 22, 2020 published guidance for auditors to consider when issuing an auditor's report on the completion of the audit of financial statements.

The guidance highlights the potential implications for auditors and interim review reports arising from the current environment including:

- Modification of auditor's opinion due to material misstatement of the financial statements or an inability to obtain sufficient appropriate audit evidence;
- Material uncertainty relating to going concern;
- Inclusion of key audit matters (KAM)/ or emphasis of matter (EOM) paragraphs; and
- Reporting implications for interim review engagements, when the auditor of the financial statements is also performing the interim review.

Guidance can be accessed on following link:
<https://www.iaasb.org/news-events/2020-05/iaasb-releases-covid-19-related-guidance-auditor-reporting>

ISA 540 (Revised) Implementation: Illustrative Examples for Auditing Simple and Complex Accounting Estimates

IAASB's International Standard on Auditing (ISA) 540 (Revised) implementation working group on May 29,

2020 has prepared illustrative examples to assist the auditor in understanding how ISA 540 (Revised) may be applied to:

- Simple Accounting Estimate – Provision on Inventory Impairment; and
- Complex Accounting Estimate – Provision on Property, Plant and Equipment Impairment

The examples illustrate accounting estimates with varying characteristics and degrees of complexity. Each example illustrates a selection of requirements from ISA 540 (Revised). Not all requirements are addressed in each example, nor do they cover all parts of those requirements that have been selected. The requirements selected across each example vary to illustrate different aspects of ISA 540 (Revised) and to focus on those requirements that are most relevant to the example.

Further details can be accessed on following link:
<https://www.iaasb.org/news-events/2020-05/isa-540-revised-implementation-illustrative-examples-auditing-simple-and-complex-accounting>

International

Approaches to Beneficial Ownership Transparency: The Global Framework and Views from the Accountancy Profession

IFAC and CPA Canada on March 26, 2020 published a report on approaches to beneficial ownership transparency and views from the accountancy profession to demonstrate how the profession, working alongside government, law enforcement and other stakeholders, can best work to combat money laundering and other financial crimes.

This report seeks to ground the discussion with evidence-based and practical perspectives, including those of professional accountants who are engaged with beneficial ownership information. It reviews how existing and new models for registries are meeting international standards and reflecting the evolving landscape. The research also covers discussions in many jurisdictions as they assess effective approaches to the transparency of beneficial ownership information.

Further details can be accessed on following link:
<https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/approaches-beneficial-ownership-transparency-global-framework-and-views-accountancy-profession>

 HR news

Laughter Will Keep Your Team Connected



Normally people laugh about 18 times per day and 97% of that time we are laughing with others; we are 30 times more likely to laugh with others than to laugh alone. Think about it: When was the last time you had a funny thought alone and laughed at it out loud? Now think a bit more:

How often when you laugh and your friends laugh at something, is that something actually funny? It may surprise, but research shows that 80% of what people laugh at is really not that funny.

So why do people laugh? They laugh because others laugh. They laugh in order to laugh with others. Laughing in response to other people, laughing is not just a behavioral phenomenon. When we laugh, our body releases two key chemicals.

First, our pituitary gland releases endorphins into our blood where they make their way into the brain and spine. Endorphins are polypeptides that interact with opioid receptors in the brain to help relieve pain and trigger feelings of pleasure. In fact, studies show that people can endure 15% more pain simply by laughing for a few minutes beforehand.

Second, when we laugh, our brain releases dopamine — a neurotransmitter that creates a sense of euphoria. Dopamine can enhance learning, motivation, and attention. In fact, the overall health benefits of laughter and the neurochemicals involved include improved immune functioning, stress relief, increased tolerance for pain, improved cardiovascular health, reduced anxiety, sense of safety, and improved mood. Laughter is also associated with higher motivation and productivity at work.

Source: HBR, June 2020

Quote

“Rise above the storm and you will find the sunshine.”
– **Mario Fernandez**

Happy Decade at ICAP

The following staff of The Institute of Chartered Accountants of Pakistan (ICAP) have completed 5, 10, 15 & 25 years at ICAP during the months of April, May & June 2020. Congratulations!

April 2020

- Umer Hamid, Deputy Manager Lahore: 10 years
- Mareya Sahar, Assistant Manager Lahore: 10 years

May 2020

- Tahera Arshad, Director Accounts: 10 years
- Javed ur Rehman, Senior Officer Information Technology: 10 years

- Zeeshan Hussain, Assistant Manager Examination: 15 years
- Saqib Iqbal, Deputy Manager Examination: 15 years

June 2020

- Pervez Sardar, Assistant Manager Education & Training: 25 years
- Affan Vohra, Assistant Manager Southern Regional Committee: 5 years

Welcome on Board

The Institute of Chartered Accountants of Pakistan’s (ICAP) Human Resource Department welcomes the following new employee during the month of June 2020:

- Muhammad Waqas Shahid
Manager Quality Assurance, Lahore