



PIPFA

**Pakistan Institute of
Public Finance Accountants**

A professional accounting body established by ICAP
ICMAP & Institute General of Pakistan
Associate Member of International Federation of Accountants (IFAC)

NEWS LETTER

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Message From New Elected President

It is my honor to assume the charge of President following the election of new office-bearers for the year 2004-05 by the Board of Governors. I have been enjoying my association with PIPFA for a long time as Member Board of Governors, Office-bearer and also as a permanent member.

PIPFA has come a long way since its inception a decade ago. It has also undergone the re-organization started in 2001. We have now 3,062 members and 11,455 registered students serving throughout the country. Our mission is to cater the middle management tier of Accountants which is the dire need of the Financial Management in the country, and to be in search of Excellence.

My agenda for service as President includes members' greater participation in PIPFA's affairs, activation of Branch Committees, holding seminars and workshops, decade celebrations, improving the exemptions and preferences available to our members and students with other professional bodies, recognition of practice status for members and above all, building up the image, standards and value of PIPFA as important professional accounting body.

I look forward to valuable suggestions and comments from both members and students in our collective pursuit of advancement for the profession and value addition to the society.

New Office-Bearers of PIPFA

Mr. Zulfikar Ali Kadri, Controller of Naval Accounts, an officer of Pakistan Audit & Accounts Service, has been elected as President of PIPFA for the year 2004 in the recent meeting of the Board of Governors of Pakistan Institute of Public Finance Accountants (PIPFA). Mr. Kadri qualified CSS in 1972(73 Batch) and was allocated Accounts Group. He is a gold-medalist of University of Karachi and topped the Faculty of Arts. He is also a law graduate. He had held important positions in various Government Departments. Mr. Kadri has traveled many European, Asian and American countries and has had the opportunity to attend seminars both at national and international levels. He is also a Fellow of Institute of Financial Consultants, USA.

Mr. Zulfikar Ali Kadri

**Mr. Muhammad
Azam Khan Shad**

Mr. Hidayat Ali

Mr. Muhammad Sharif



President



Vice President

Mr. Khan represents ICMAP on PIPFA Board. He is Deputy General Manager Finance WAPDA & also council member of ICMAP



Secretary

Mr. Hidayat is nominee of ICAP. He is a practicing Chartered Accountant and also council member of ICAP



Joint Secretary/Treasurer

Mr. Sharif is an elected member of PIPFA BOG. Currently he is working as Revenue Officer in PTCL



Corporate Sector

Applicability of IAS 17: In order to facilitate the Modaraba Sector, Securities and Exchange Commission of Pakistan (SECP) has deferred the application of International Accounting Standard (IAS) 17 to Modarabas till further orders. This revision has been made due to practical difficulties being faced by Modaraba Sector in the country.

Circulation of Accounts By Modarabas: SECP has issued Circular No.1/ 2004 dated January 14, 2004 to give certain relaxations in the application of Rule 10 of the Modaraba Companies and Modaraba Rules,1981(Modaraba Rules). As per rule 10 of the said Rules, the modaraba companies are required to prepare and transmit to certificate holders and the Stock Exchanges first, second and third quarter accounts of the Modarabas within one month of the close of the respective quarter.

Through the above cited circular, SECP has granted a general relaxation to the modaraba companies for circulation of the accounts of second quarter. Now the modaraba companies are required to circulate second quarter accounts of the modarabas, with limited scope review within a period of two months instead of one month as mentioned in the said Rules, from the close of second quarter. However accounts of first and third quarter are required to be circulated within one month as prescribed.

Prudential Regulation for Modarabas :To improve the risk management capabilities and to promote corporate governance in the modaraba sector, SECP has issued revised prudential regulations for modarabas.

The revised regulations have been divided in to four segments :

part-1 contains a comprehensive list of definitions, part-II describes guidelines for risk management for corporate and individual borrowers, part-III covers the operational aspects of modarabas and part-IV encompasses the issues like money laundering etc.

Filing Fee Withdrawn: Vide Circular No. 05 of 2004 dated January 29, 2004,SECP has withdrawn filing fee required to be deposited along with the submission of periodic statements by Modaraba Companies in terms of Circular No 10/2000 dated August 10,2000.

Compliance With IAS-12: The Security and Exchange Commission of Pakistan (SECP) has issued Circular No 8 of 2004 dated February 10,2004 in response to various queries received from leasing sector and their auditors regarding the classification of capital reserve created in terms of Circular No 16 of 1999 dated September 06,1999 through which leasing companies, to fully provide for the un-recognized deferred tax liability as at the beginning of the financial year ending June 30, 1999, were granted a relaxation by way of transfer of an amount to capital reserve over a period of five years ending June 30,2003.The capital reserve so created was not to be utilized for any purpose other than to provide for deferred tax liability.

Vide above referred Circular, SECP has clarified that the capital reserve created in terms of Circular No 16, represents deferred tax liability which has been recognized over a period of five years and such transfer was allowed to enable the company to have sufficient profits available when the requirements of IAS-12(Revised) become applicable on expiry of the extended time. So, such amount cannot be treated as reserve any longer and should be classified/disclosed as liability.

Financial Sector

Benchmarking Corporate Lending Products to KIBOR: State Bank of Pakistan has issued BPD Circular No 1 to implement its decision that, with effect from February 01, the Karachi Interbank Offered Rate (KIBOR) shall be used as benchmark rate for determining pricing of all Rupee Corporate/Commercial Banking lending of banks and DFIs in terms of the Prudential Regulations for Corporate and Commercial Banking.

Prudential Regulations for Corporate / Commercial Banking: State Bank of Pakistan has made certain amendments in the Prudential Regulations for Corporate / Commercial Banking. These changes have been introduced by SBP vide BPD Circular No.4 dated February 9,2004.These changes include the benefit of Revaluation Reserve to borrowers for extended period beyond existing period of three years from the date of asset revaluation if borrower gets a fresh

revaluation within three years and such revaluation results in increase in the revaluation reserve.

Brokerage Subsidiaries By Banks/DFIs: State Bank of Pakistan has issued BPD Circular No. 2 dated January 29, 2004 to allow Banks/DFIs to conduct the brokerage business. Institutes who desire to undertake the brokerage business can do so through their separately established subsidiaries set up for the purposes. It has emphasized the need to ensure that the relationship between a bank or DFI and its brokerage subsidiary should be on arms length basis and foolproof firewalls have been built to avoid conflict of interest.

Guidelines on Internal Controls : State Bank of Pakistan has issued draft "Guidelines on Internal Controls" for banks / DFIs for comments. These guidelines are statements of best practices that institutions are encouraged to adopt. These



guidelines can be accessed at www.sbp.org.pk and last date for submission of comments is March 31, 2004.

SBP terminates FCEF: Due to lack of interest from the exporters and under-utilization of the scheme by the exporters, the State Bank of Pakistan has terminated the 'Foreign

Currency Export Finance (FCEF) facility. The said facility was negotiated by Government of Pakistan with Asian Development Bank to meet the financing requirements of the exporters but its utilisation remained at a very low level due to which Government had to decide against it.

Taxation

New Chairman of CBR : Mr. Mohammad Abdullah Yousaf, has been appointed as new chairman Central Board of Revenue (CBR). Mr. Yousaf is a Fellow Member of the Institute of Chartered Accountants of Pakistan and has worked on various prominent positions including Secretary, Ministry of

Petroleum and Natural Resources, Government of Pakistan.

PIPFA President has sent him message of good wishes and has prayed that CBR will play a more vital role under his leadership in the achievements of the Government.

IFAC News

IAASB Calls on Auditors to Consider Fraud in an Audit: The International Auditing and Assurance Standards Board (IAASB) of International Federation of Accountants (IFAC) has released a revised International Standard on Auditing (ISA) requiring auditors to be more proactive in considering the **risk of fraud** in an audit of financial statements and has issued new quality control standards addressed at both audit firms and engagement teams.

objectives of an assurance engagement and its scope. ISAE 3000 established basic principles and essential procedures for all assurance engagements other than audits of historical financial information and is effective for engagements where the assurance report is dated on or after January 01, 2005.

The new ISA "The Auditor's Responsibility to Consider Fraud in the Audit of Financial Statements", requires the auditor to focus on areas where there is a risk of material misstatement due to fraud by maintaining an attitude of professional skepticism throughout the audit. The standard, effective for the audits of financial statements for the periods beginning on or after December 15, 2004, requires the engagement team to discuss how the financial statements may be susceptible to material misstatement due to fraud and what procedures would be more effective for their detection.

IFAC Invites Comments: Public Sector Committee of the International Federation of Accountants (IFAC) has issued Invitations to Comment (ITCs) on two critical financial reporting issues for governments:

New Framework and Standard for Assurance Engagements: IAASB of the International Federation of Accountants (IFAC) has issued a revised "Assurance Framework" and an International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

Accounting for Social Policies of Governments and Revenue from Non-Exchange Transactions (Including Taxes and Transfers). The ITCs can be downloaded free of charge from: www.ifac.org/store.

The Framework defines and describes the elements and

Enterprise Governance: International Federation of Accountants (IFAC) and The Chartered Institute of Management Accountants (CIMA) have released a new international study "Enterprise Governance: Getting the Balance Right". This study includes an in-depth analysis of corporate successes and failures in twenty seven case studies from ten countries. According to the study "the culture and the tone at the top, the chief executive, the board of directors and the **internal control system** are the four key determinants of corporate success and failure". This study may be downloaded free of charge from IFAC's website, www.ifac.org/store.

PIPFA News

Summer Examination 2004: Summer Examination-2004 of PIPFA will be held from May 10 to May 14, 2004.

paid yet their annual subscription for the year 2003-04 are reminded to pay the same at their earliest.

Examination Forms are being received from March 15 to April 18, 2004 with normal fee, from April 19 to April 26 with 100% and from April 27 to April 30, 2004 with 200% late fee.

Unauthorized Use of Designatory letter APA: Mr. Muhammad Waseem Memon a student of PIPFA was found guilty of using letter APA without entitlement. On investigation, it was revealed that the said student was not even PIPFA

Annual Subscription: Members and students who have not



qualified. The matter was referred to Board of Governors which upheld the decision of the Disciplinary Committee that the accused be warned to refrain from using these letters in future.

Admission of New Members

Fellow

1. S. Nasiruddin Hyder	Karachi	FPA 109
2. Mr. Sher Afgan Malik	Karachi	FPA 164
3. Mr. Waqar Ahmed Butt	Lahore	FPA 1409
4. Mr. Zulfiqar Ali	Lahore	FPA 160
5. Mr. Haris Riaz	Shkh.Pura	FPA 1480
6. Mr. M. Azam	Rawalpindi	FPA 498

Associate

1. Mr. M. Ashraf Yousuf	Karachi	APA-2948
2. S. Nasir Ali	Karachi	APA-2949
3. Mr. Maqsood Ahmad Anjum	Lahore	APA-2950
4. S. Sajjad Hussain	Karachi	APA-2951
5. Mr. Atta Mohey-ud-Din	Faisalabad	APA-2952
6. Mr. Shahid Haroon	Rawalpindi	APA-2953
7. Mr. Zahid Tariq Bhatti	Lahore	APA-2954
8. Mr. M. Shahzad Akram	Lahore	APA-2955
9. Mr. Lajpat	Karachi	APA-2956
10 Mr. M. Shafiq	Karachi	APA-2966
11. Mr. Aziz-ur-Rehman	Taxila	APA-2967
12. S. Shamsul Islam Shah	Karachi	APA-2968
13. Mr. Salman Zaheer	Rawalpindi	APA-2969

14. Mr. Tahir Nadeem Shah	Multan	APA-2970
15. Mr. Shamas-ul-Arifeen	Lahore	APA-2971
16. Mr. Hinar Ullah	Faisalabad	APA-2972
17. Mr. Nazim Abdul Muttalib	Karachi	APA-2973
18. Mr. Ashfaq Ullah Khan	Lahore	APA-2974
19. Mr. Waseem Ahmad	Karachi	APA-2975
20. Mr. Sohail Aslam Malik	Lahore	APA-2976
21. Mr. Shahid Ahmed	Karachi	APA-2977
22. Mr. Tajammul Hussain Khan	Karachi	APA-2978
23. Mr. Shehzad Ahmed	Karachi	APA-2979
24. Mr. Muhammad Naeem	Rawalpindi	APA-2980
25. Mr. Imran-ul-Haq	Islamabad	APA-2981
26. Mr. Imran Zafar	Faisalabad	APA-2982
27. Mr. Muhammad Abid	Islamabad	APA-2983
28. Mr. M. Imran Mukhtar	Rawalpindi	APA-2984
29. Mr. Adnan Ahmed	Rawalpindi	APA-2985
30. Mr. Inam-ul-Haq	Rawalpindi	APA-2986
31. Mr. Muhammad Salman	Karachi	APA-2987
32. Mr. Ashfaq Ahmed	Karachi	APA-2988
33. Hafiz Mansoor Elahi	Islamabad	APA-2989
34. Mr. Abid Hussain Butt	Sialkot	APA-2990
35. Mr. Yousuf Ali	Karachi	APA-2991
36. Mr. Nasim-ul-Haque	Karachi	APA-2992
37. Mr. Khalid Hamid Siddiqui	Karachi	APA-2993
38. Mr. Sohail Najam	Lahore	APA-2994
39. Mr. M. Kashif Malik	Lahore	APA-2995
40. S. Asif Raza	Karachi	APA-2996

ICAP/ICMAP News

Convocation ceremony 2004 of Institute of Cost and Management Accountants of Pakistan is scheduled on Tuesday, April 13, 2004 at 7 p.m. at ICMAP premises

Islamabad. Mir Zafarullah Khan Jamali, Prime Minister of Pakistan would be the chief guest of the ceremony.



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