



**PIPFA**

**Pakistan Institute of  
Public Finance Accountants**

*A professional accounting body established by IDAP  
(ICMAP) & Auditor General of Pakistan  
Autonomous Member of International Federation of Accountants (IFAC)*

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# NEWS LETTER

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## Corporate Sector

### No. CLD-RD/Circular/2004 August 31st, 2004 Circular No. 28 /2004 Holding of Election of Directors Pursuant to Companies (Amendment) Ordinance, 2002

Securities and Exchange Commission of Pakistan issued circular regarding election of directors. The election of directors is held in general meetings of the companies on completion of the term of office of directors after every three years, as enunciated in sections 178 and 180 of the Companies Ordinance, 1984. Mostly, the companies used to hold election in their annual general meetings (AGM) in December each year. But now, consequent upon an amendment in section 233 of the Ordinance, the time period for holding of AGM has been reduced from six months to four months following the close of financial year and the AGMs relating to the financial year closed on 30<sup>th</sup> June are required to be held upto 31<sup>st</sup> October. It has been enquired by certain companies as to whether the election of directors can be held in October instead of December and the tenure of the directors can be reduced.

In this context, it is to clarify that the last election of directors of a company which was held prior to the amendment in the Ordinance, in an annual general meeting on December 31<sup>st</sup> three years ago, is obviously to be due on December 31<sup>st</sup> after completion of three year term of directors, cannot be conducted in an annual general meeting proposed to be held upto October 31<sup>st</sup>. The companies, therefore, may call extra-ordinary general meetings for holding their election of directors on due time or in case all the existing directors are willing to resign earlier, the election may be held in October after every three years.

### No. EMD/D-(E-II)/31/2004 Islamabad, the August 11, 2004 Circular No. 27 OF 2004 Revised Fourth Schedule to the Companies Ordinance, 1984

Enforcement Department of Securities and Exchange Commission of Pakistan has already informed through the press, the Commission has revised the Fourth Schedule to the Companies Ordinance, 1984 vide Notification No. SRO 589 (I)/2004 dated July 05, 2004. However, certain queries have been received from a number of listed companies and other stakeholders regarding effectiveness of the revised Schedule. It is, therefore, clarified that the revised Schedule shall be applicable to the accounts closing on or after the date of Notification.

It is further clarified that revised Fourth Schedule does not apply to the financial statements for the year ended June 30, 2004. However, if any listed company desires to prepare its accounts in accordance with the requirements of the revised Schedule, it may do so and disclose the same in the notes to accounts.

### Circular No. 25 of 2004 No. SC/M/RS/PR/2004-966 Prudential Regulations for Modarabas

SECP has issued Circular No. 25 of 2004 to make certain amendments in the sixth schedule to the Companies Ordinance 1984. Attention is invited to Clause 5 (1) B of Part III of Prudential Regulations for Modarabas issued vide Circular No. 4 of 2004 dated January 28, 2004. In view of practical difficulties being faced by the industry and on representation of the industry association, the following amendment in clause 5 (1) B of Part III of the

Prudential Regulations for Modarabas is made with immediate effect and until further orders:

## Financial Sector

### Ibrahim Group Assumes Control of ABL:

The Consortium of Ibrahim Leasing Limited and Ibrahim Group, which has injected Rs.14.2 billion into capital of the Allied Bank of Pakistan for acquiring its 325 million additional shares, assumed the control of the Bank.

The Governor, State Bank of Pakistan, Dr. Ishrat Husain handed over the relevant documents to Mr. Mohammad Naeem Mukhtar, Authorized Attorney of the Consortium at a simple ceremony held at SBP. Among those present at the ceremony were the Deputy



Governor, Mr. Tawfiq A. Husain and senior officials of the State Bank, representatives of the Allied Bank of Pakistan and the Consortium.

## State Bank's Clarification Regarding Lottery Scheme Launched by the Bank of Punjab (BOP)

The State Bank has strictly prohibited banks from mobilizing deposits through prize schemes and this prohibition has also been enforced effectively. The **Creore Pati-PDF Scheme** is not the lottery scheme of The Bank of Punjab for mobilizing deposits. This scheme has been launched by the Punjab Government for the Punjab Development Fund. The Punjab Government has appointed Bank of Punjab as their banker and collecting agent for this scheme. BoP is only collecting proceeds for the Punjab Development Fund and crediting the same to their account. Besides BoP, MCB and ABL are also extending similar services for this scheme. Hence, no violation of SBP regulations and other relevant laws of the country has taken place as banks are not mobilizing deposits for themselves but working only as collecting agents for the Punjab Government for its Development Fund. Therefore, the question of State Bank not taking the notice of this scheme does not arise.

## Dr. Ghazi's Appreciation for SBP'S Role in Promotion of Islamic Banking:

The Shariah Board of State Bank of Pakistan at its meeting held under the Chairmanship of Dr. Mahmood Ahmad Ghazi in Karachi reviewed the comments/suggestions received by SBP on Essentials and Model Agreements of Islamic modes of financing.

The Chairman of Shariah Board, Dr. Mahmood Ahmad Ghazi appreciated the proactive role being played by the State Bank of Pakistan in promoting Islamic banking in the country. He observed that the current regulations governing Islamic banking are in line with the best and the most progressive regulations being followed in countries like Bahrain and Malaysia.

## Briefing to Senate Standing Committee:

A meeting of the Senate Standing Committee on Finance, Revenue, Economic Affairs and Statistics was held under the Chairmanship of Senator Ahmad Ali at the State Bank of Pakistan, Karachi. The Governor, State Bank of Pakistan, Dr. Ishrat Husain briefed the Standing Committee on the working of SBP and the State of Pakistan's Economy. He informed the Committee that the SBP has not incurred a loss of Rs.25 billion due to purchases of foreign exchange through open market. The fact is that in Financial Year (FY) 03, the SBP did not purchase any foreign exchange through the open market and did not pay any difference over the inter-bank market rate, he said and added that the reduction in the profits of the State Bank in FY 03 is a reflection of the revaluation of SBP's foreign exchange assets and liabilities required under the international accounting standards which were adopted in the year 2001.

## Islamic Banking Branch Licence issued to Bank Al Habib Limited

The State Bank of Pakistan issued a licence to Bank Al Habib Limited for its first Islamic Banking Branch located in Karachi. The licence was handed over by Mr. Pervez Said, Director, Islamic Banking Department, SBP to Mr. Abbas D. Habib, Chief Executive, Bank Al Habib at a simple ceremony held at State Bank of Pakistan, Karachi.

With the issuance of this licence, the total number of conventional banks that are having stand-alone Islamic Banking Branches has increased to Six (6). Five other Banks that have been issued licences for Islamic Banking Branches include Muslim Commercial Bank (3 branches), Bank Alfalah (7 branches) and one branch each of Habib Bank AG Zurich, Bank of Khyber and Standard Chartered Bank. One full-fledged Islamic Bank, viz. Meezan Bank Limited with licence for 14 branches is already operating since March, 2002. These licences have been issued pursuant to a three-pronged strategy adopted by the State Bank of Pakistan for the promotion of Islamic banking in the country.

## IFAC News

### New Publication Addresses Audit Issues Arising From the First-Time Adoption of International Financial Reporting Standards

The International Federation of Accountants (IFAC), the global organization for the accountancy profession, to help auditors address reporting issues arising from the first-time adoption of International Financial Reporting Standards (IFRSs), the staff of the International Auditing and Assurance Standards Board (IAASB) of IFAC along with staff of professional accountancy bodies, national standard setters, and audit firms have prepared a series of key questions and answers in a document entitled **First Time Adoption of IFRSs-Guidance for Auditors on Reporting Issues**. This publication, available electronically, may be downloaded from other category under the bookstore on the IFAC website at <http://www.ifac.org/Store/>.

The 2005 adoption in the European Union of IFRSs, and the adoption of IFRSs in other countries, have given rise to requests for auditors to audit, review, or otherwise report on various forms of financial and non-financial information prepared by entities during their transition

from previously applied national accounting standards to IFRSs. Although not a pronouncement of the IAASB or IFAC, the document is being made widely available to help auditors in those countries where these common issues are faced.

### IFAC Board Focuses on Public Interest Issues and Needs of SMEs, Developing Nations

The Board of the International Federation of Accountants (IFAC) took actions to strengthen the role of the Public Sector Committee and enhance its capacity to develop high quality international public sector accounting standards (IPSASSs), named a working group to organize an international summit on small and medium practice issues in 2005, and engaged in discussions with international and national regulators and standard setters on achieving the shared goal of ensuring high quality performance by all sectors of the profession. Additionally, the Board advanced initiatives on sustainability and narrative reporting and approved a translation policy designed to facilitate the translation of, and thus access to, IFAC standards and guidance.



### IAASB Calls on Auditors to Plan Audits More Rigorously

The International Auditing and Assurance Standards Board (IAASB) of the IFAC has released a revised International Standard on Auditing (ISA) requiring auditors to be more rigorous in the planning of their audits.

The revised ISA 300, planning an Audit of Financial Statements, builds on the new audit risk standards issued last year and requires the auditor to plan the audit so that the engagement will be performed in an effective manner. The standard emphasizes that planning is a continual and iterative process throughout the engagement and that unexpected events, changes in conditions or other circumstances may lead the auditor to re-evaluate the planned audit procedures.

The standard, effective for audits of financial statements for periods

beginning on or after December 15, 2004, requires the auditor to establish the overall strategy for the audit that sets the scope, timing and direction of the audit.

### IFAC Announces First Independent Chair of the IAASB Consultative Advisory Group

The International Federation of Accountants (IFAC), in consultation with international regulators, has appointed Mr. David Damant MA (Cambridge), an experienced leader in the global investment community, as chairman of the Consultative Advisory Group (CAG) to the International Auditing and Assurance Standards Board (IAASB). Mr. Damant's appointment (to be confirmed by the Public Interest Oversight Board when it becomes active later this year) comes at a critical establishment phase as the CAG starts-up its independent operations and reconsiders its membership base.

## ICAP/ICMAP News

### New ICAP Office Bearers

The Council of the Institute of Chartered Accountants of Pakistan at its 165th Meeting has elected the following Office Bearers for 2004-05 w.e.f. September 06, 2004.

**Zafar Iqbal Sobani** as President, Mr. Hidayat Ali as Vice President (North) and Syed Asad Ali Shah as Vice President (South). Mr. Sobani

is fellow member of the Institute of Chartered Accountants of Pakistan as well as a Fellow member of Institute of Cost and Management Accountants of Pakistan. Mr. Sobani has the distinction of being the first President of ICAP elected from industry. He is working as Director Finance of Century Paper & Board Mills Ltd. (Lakson Group). PIPFA President has sent him message of good wishes and has prayed that ICAP will play a more vital role under his leadership in the pursuit of excellence.

## PIPFA Affairs

### Ten Year's Celebration

PIPFA is going to celebrate its "Ten Years of Success and Triumph". In 58th meeting of Board of Governors of PIPFA held on August 21st, 2004, it was finalized that the celebration will be held in Karachi, under the title of "Role of Accounting Professional Under New Scenario".

### Examination Forms for Winter 2004

All Students of PIPFA (Foundation, Intermediate and Final Stage) are hereby informed that examination forms for winter 2004 session will be submitting from (Wednesday) September 15, 2004 to (Saturday) October 16, 2004 with normal fees. Those students who have not paid their Full Coaching Fees are requested to clear their dues with Examination Form otherwise their form will not be processed for Admit Card.

### Admission of New Members

#### Fellow

1. Mr. Khalid Rohail Ansari	Islamabad	FPA-142
2. Mr. Ather Saleem	Islamabad	FPA-1416
3. Mr. Shamsher Hyder	Karachi	FPA-1349
4. Mr. Shams-Ud-Din	Karachi	FPA-1462
5. Mr. Shahid Ali Zuberi	Karachi	FPA-955
6. S. Imran Hasan Zaidi	Karachi	FPA-1468
7. Mr. Ali Akbar Awan	Lahore	FPA-294
8. Mr. Gulzar Ali	Islamabad	FPA-304
9. Mr. Shahid Hassan Naqvi	Mianwali	FPA-1127
10. Mr. Syed Musharraf Ali	Karachi	FPA-1532

11. Mr. Kashif Latif	Lahore	FPA-1404
12. Mr. Khalid Mahmood	Lahore	FPA-1540
13. Mr. Enver. A. Ferzan	Karachi	FPA-1977
14. Mr. A. Kahim Shah Chisti	Lahore	FPA-134
15. Mr. M. Abdul Aleem	Karachi	FPA-135
16. Mr. Shakil Akhtar	Karachi	FPA-236
17. Mr. Shafique Ahmad	Lahore	FPA-916
18. Mr. Sarwar Jang	Islamabad	FPA-1412
19. Mr. Mukhtar Ahmed	Karachi	FPA-1728
20. Mr. M. Shahid Ghouri	Karachi	FPA-286
21. Mr. Ahmed Jabbar	Faisalabad	FPA-1585
22. Mr. Mehtab Ahmed	Karachi	FPA-1281

#### Associate

1. Mr. Waseem Aftab	Lahore	APA-3123
2. Mr. Umair Wasf Hashmi	Karachi	APA-3124
3. Mr. Mr. Faisal Tahir	Karachi	APA-3125
4. Mr. Faisal	Karachi	APA-3126
5. Mr. Sohail H. Ali Poonawala	Karachi	APA-3127
6. Mr. Sajid Jauhar Ali	Lahore	APA-3128
7. Mr. Asif Iqbal	Lahore	APA-3129
8. Mr. Asif Hussain	Sialkot	APA-3130
9. Mr. Ihsan Ullah	Peshawar	APA-3131
10. Mr. Waheed-ur-Rehman	Peshawar	APA-3132
11. Syed Abid Ullah Jan	Peshawar	APA-3133
12. Mr. Shoaib Ahmad Siddiq	Faisalabad	APA-3134
13. Mr. Kashif Mateen Ansari	Islamabad	FPA-3135
14. Mr. Zahid Amar Khan	Faisalabad	APA-3136
15. Ms. Saba Ansari	Karachi	APA-3137
16. Mr. Asad Nouman	Karachi	APA-3138
17. Mr. Iqbal Safdar	Lahore	APA-3139



18. Mr. Zahoor Ahmád	Lahore	APA-3140	55. Mr. Kashif Mahmood G.	Islamabad	APA-3176
19. Mr. Shahzad Hassan	Islamabad	APA-3141	56. Mr. Mustafa Fida	Karachi	APA-3177
20. Syed Jawed Asdaque	Karachi	APA-3142	57. Mr. Shiraz Ahmed	Islamabad	APA-3178
21. Mr. Laeeq Ahmad Hussain	Lahore	APA-3143	58. Mr. Zahid Hussain	Karachi	APA-3179
22. Mr. Javaid Iqbal	Bahawalpur	APA-3144	59. Mr. Zaheer Shahzad	Peshawar	APA-3180
23. Mr. Mr. Irfan Ahmad	Lahore	APA-3145	60. Mr. Saleem Mahmood	Lahore	APA-3181
24. Mr. Dawood Khan	Peshawar	APA-3146	61. Mr. Muhammad Shakeel	Karachi	APA-3182
25. Mr. Kamran Mahmood	Karachi	APA-3147	62. Mr. Muhammad Aamir	Karachi	APA-3183
26. Mr. Sajid Rahim	Islamabad	APA-3148	63. Mr. Azfar Aziz	Karachi	APA-3184
27. Mr. Basharat Hussain	Gilgit	APA-3149	64. Mr. Amjad Pervaiz	Karachi	APA-3185
28. Mr. M. Ajmal	Rawalpindi	APA-3150	65. Mr. Tariq Hussain	Lahore	APA-3186
29. Mr. M. Amjad	Islamabad	APA-3151	66. Hafiz M. Shahbaz Ahmad	Lahore	APA-3187
30. Mr. Shahnawaz Ali	Karachi	APA-3152	67. Mr. Sami	Karachi	APA-3188
31. Mr. Nazim Raza	Lahore	APA-3153	68. Mr. Sheeraz Ahmad Khan	Islamabad	APA-3189
32. Mr. M. Azmatullah Khan	Karachi	APA-3154	69. Mr. Atif Farooq	Rawalpindi	APA-3190
33. Mr. Abdul Qayyum	Rawalpindi	APA-3155	70. Mr. Noor ul Amin	Karachi	APA-3191
34. Mr. Shabbir Ahmad Khan	Lahore	APA-3156	71. Mr. Muhammad Aleem	Rawalpindi	APA-3192
35. Mr. Khalid Anwer	Karachi	FPA-3157	72. M. Safdar Ilyas	Karachi	APA-3193
37. Mr. Amir Latif	Islamabad	APA-3158	73. Mr. Hamid Bashir	Islamabad	APA-3194
38. Mr. Imran Ullah	Lahore	APA-3159	74. Mr. Ishaq Ahmad	Wah Cantt.	APA-3195
39. Mr. Shargeel Akram	Lahore	APA-3160	75. Mr. M. Mahmood Anwar	Islamabad	APA-3196
40. Mr. Waseem Ahmad	Lahore	APA-3161	76. Mr. Tanveer Butt	Stalkot	APA-3197
41. Mr. Rehan	Karachi	APA-3162	77. Mr. Ali Hashmi	Islamabad	APA-3198
42. Mr. Munir Ahmad	Lahore	APA-3163	78. Mr. M. Ismail Khan	Karachi	APA-3199
43. Mr. M. Hasnain	Karachi	APA-3164	79. Mr. Irfan Mahmood Khan	Karachi	APA-3200
44. Mr. Abdul Mujeeb	Karachi	APA-3165	80. Mr. Talib Hussain Baloch	Islamabad	APA-3201
45. Mr. Imran Noor	Hyderabad	APA-3166	81. Mr. Abdul Razzak	Karachi	APA-3202
46. Mr. Amjad Ali	Nowshera	APA-3167	82. Mr. Asif Khan	Peshawar	APA-3203
47. Mr. M. Khalil Hashmat	Burewala	APA-3168	83. Mr. Muhammad Iqbal	Lahore	APA-3204
48. Mr. M. Inamullah Khan	Shakargarh	APA-3169	84. Mr. A. Latif Raza	Rawalpindi	APA-3205
49. Mr. Ghulam Yaseen	Lahore	APA-3170	85. Mr. Tanveer Ahmed	Karachi	APA-3206
50. Mr. M. Anwar Ul Haq	Muridke	APA-3171	86. Mr. Sana Ullah	Okara	APA-3207
51. Mr. Zeeshan Zahid	Peshawar	APA-3172	87. Mr. Arif Ali	Karachi	APA-3208
52. Mr. Fouad Ullah Babar	Rawalpindi	APA-3173	88. Mr. M. Shahzad Safdar	Sahiwal	APA-3209
53. Mr. Naeem Haider	Faisalabad	APA-3174	89. Mr. Adnan Shahzad Malik	Rawalpindi	APA-3210
54. Mr. Farrukh Aftab A.	Lahore	APA-3175			

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