

Pakistan Institute of Public Finance Accountants

(Established under Section 42 of the Companies Ordinance, 1984)

Constituted by: **ICAP, ICMAP, AGP**

Identification, development and imparting knowledge to provide a structure for the training of accounting professionals in the specialist areas



Newsletter

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Financial Sector

State Bank Issues Islamic Banking Licence to Dubai Islamic Bank Pakistan Limited:

The State Bank of Pakistan has issued the Islamic Banking licence to Dubai Islamic Bank Pakistan Limited. The State Bank Governor, Dr. Ishrat Husain handed over the Licence to Mr. Arif Alkooheji, Executive Vice President, Dubai Islamic Bank Pakistan Limited at a simple ceremony held at SBP, Karachi today. With the issuance of this licence to Dubai Islamic Bank Pakistan Limited, the total number of banks having Islamic Banking Licence has increased to five. M/s. Meezan Bank Limited, Al Baraka Islamic Bank, BankIslami Pakistan Limited and Emirates Global Islamic Bank Limited are the other four banks having Islamic Banking Licences. Meezan Bank and Al-Baraka Islamic Bank are currently operating in Pakistan with 36 branches. In addition to these banks, 31 branches of nine conventional banks are also providing exclusive Islamic banking services to their customers in all the four provinces of the country. The assets of Islamic banks stood at around Rs.60 billion which is 1.6% of the total banking industry assets. These assets represent customers borrowings in which 25% of the customers were those who never had a borrowing relationship with any bank, according to former SBP Governor, Dr. Ishrat Hussain.

The Governor reiterated SBP's commitment to promote Islamic banking on sound footings, provide a comprehensive and secure regulatory framework to establish Islamic banks as a parallel banking system, comparable and compatible with the conventional banking system and at the same time making sure that it is Shariah compliant.

Mr. Pervez Said, Advisor to SBP Governor on Islamic Banking said that the progress of Islamic Banking in Pakistan has been commendable during the last two years.

Mr. Arif Alkooheji, EVP, DIB said that DIB, incorporated in 1975 in Dubai, has the unique distinction of being the world's first full-fledged Islamic Bank. 'We have committed to invest US\$ 100 million in Pakistan. We will be creating a centre of excellence in Pakistan for products and professionals in the field of Islamic Banking; taking both on global horizons with us', he added.

Dr. Shamshad Akhtar Appointed Governor State Bank of Pakistan: The President has appointed Dr. Shamshad Akhtar as Governor, State Bank of Pakistan for a period of three years with effect from the date she assumes the charge of the post, says a notification issued by the Government of Pakistan, Finance Division (Internal Finance Wing) today. She is the first woman in the history of State Bank, who has been appointed as SBP Governor. She will be the 14th Governor since the establishment of the State Bank in 1948. Dr. Shamshad Akhtar, who joined the Asian Development Bank (ADB) as Senior Economist in Country Operations at the ADB in 1990, is currently the Director General, ADB, Southeast Asia Department. She is the first female in ADB to rise to the rank of DG from within the institution. Dr. Shamshad Akhtar has an M.S. in economics from Quaid-e-Azam University, Islamabad, an M.A. in Development Economics from the University of Sussex in the U.K. and a Ph.D. in Economics from the U.K.'s Paisley College of Technology.

Dr. Shamshad Akhtar was a World Bank Economist based in Islamabad until a Fulbright sabbatical in 1987 took her to the Department of Economics at the Harvard University. There she did extensive research on poverty. She was also a visiting scholar at the Harvard University in 1987.

Corporate Sector

Listed Companies Asked to Provide Adequate Information to Shareholders:

The Securities and Exchange Commission of Pakistan (SECP) has directed listed companies to provide adequate information to shareholders in cases of disposal of complete undertakings or sizeable parts thereof.

Directors of companies are required under Section 196(3)(a) of the Companies Ordinance, 1984 to take consent of the shareholders in the general meeting before making a deal to sell, lease, or dispose of the undertakings, or their sizeable part, and to provide a statement of all material facts concerning the proposed sale or lease or disposal of assets.

It has been observed that listed companies, while proposing to sell the entire undertaking or parts thereof, do not make adequate and material disclosures to the shareholders. In addition, some companies have been seeking authorization for sale of entire undertakings without identifying their future course of action.

The SECP is of the view that the disclosure of information in the manner prescribed in the said



notification would ensure that shareholders were making informed decisions and that the transactions were undertaken in a transparent manner to ensure compliance of the relevant provision of the Ordinance in its true spirit. The notification No. S.R.O. 1227(I)/2005 dated December 12, 2005 is available on the SECP's website, www.secp.gov.pk

SECP Penalizes Four Companies for Violation of Legal Provisions in November 2005: The Securities and Exchange Commission of Pakistan (SEC) penalized four companies for violation of different legal provisions during November 2005.

Out of these, three companies including Ahmed Spinning Mills Limited, Khairpur Sugar Mills Limited and Saleem Sugar Mills Limited were penalized for not filing quarterly accounts of the first two quarters of 2005,

while a company Pak Elektron Limited was penalized for non-compliance with the SECP's directive to recover unauthorized investments along with mark up from its associated undertakings. Fine aggregating Rs. 545,000 was imposed on chief executives and directors of these companies.

The SECP stopped Chenab Textile Mills Limited from passing resolution including in agenda for its extraordinary general meeting regarding sale of fixed assets of the company comprising of freehold land, plant & machinery, as the company had not disclosed material information in the statement of material facts as required under the law. The passing of resolution item would have been harmful to the interest of shareholders.

The SECP works to ensure compliance and transparent functioning in corporate entities to promote investors confidence.

Taxation

Amendment in IT Ordinance notified: The Central Board of Revenue notified in the second schedule of Income Tax Ordinance, 2001 vide SRO 1205(I)/2005 dated December 6, 2005.

The text of notification reads: "in exercise of the power conferred by sub-section (2) of section 53 of the Income Tax Ordinance, 2001, the federal government is pleased to direct that the following further amendment shall be made in the second schedule to the said ordinance, namely:

In the foresaid schedule, in part IV, after clause (42) the following new clause shall be inserted, namely:

"(42A) the provisions of sub-section (6) of section 153 shall not apply in respect of payments received by a person for supply of relief goods for earthquake victims against funds from the President's Relief Fund for Earthquake Victims 2005, or any other such source of the government or the purchases made by approved voluntary non-profit organizations or welfare organizations or welfare bodies for the aforesaid purpose."

Filing of Corporate Tax Returns: Last Date for filing of Corporate Tax Returns is December 31. You may file the same through hassle free and convenient way of Electronic filing. All you need is a Digital Certificate or an e-intermediary (Chartered Accountant, Cost & Management Accountant or an Advocate), holding a digital Certificate.

Electronic Filing of Sales Tax and Federal Excise: Central Board of Revenue after the success of Electronic Filing of Income Tax Returns is now introducing Mandatory Electronic Filing of Sales Tax and Federal Excise Returns for Taxpayers of large Taxpayers Unit (LTU), Karachi and Lahore and all other corporate Taxpayers vide SRO 1184(1)/2005 and 1185(1)/2005: Download e-Sales Tax Forms:

1. Obtain & install Digital certificate. Visit www.nift.com.pk
2. Download Electronic Return Forms & Challan. www.cbr.gov.pk
3. Fill the Return Form & Challan. Worksheets
4. Deposit Due Tax. In nearest authorized branch of NBP.
5. Incorporate Tax payment details. Computerized payment receipt particulars on the Return Form.
6. Transmit Sales Tax Return Form. E-mail at salestax.returns@cbr.gov.pk
7. Transmit Federal Excise Returns. E-mail at federalexcise.returns@cbr.gov.pk
8. Receive Digitally Signed Acknowledgment from CBR. E-mail

This is a major step forward in the modernization of Taxation System of Pakistan.

IFAC News

New IFAC Publication Highlights the Value of Professional Accountants in Business: The International Federation of Accountants' (IFAC) Professional Accountants in Business (PAIB) Committee has released a new information paper to build understanding of the diverse roles, competencies and value of the professional accountant in business. The paper, entitled The Roles and Domain of the Professional Accountant in Business, includes a definition of the professional accountant in business and highlights the many roles that professional accountants in business fulfill, including implementing and maintaining operational and fiduciary controls, providing analytical support for strategic planning and decision making, ensuring that effective risk management processes are in place, and assisting management in setting the tone for ethical practices.

IFAC Releases Guidance to Help Strengthen Accountancy Bodies and Contribute to Economic Stability Worldwide: Recognizing the international accountancy profession's role and responsibilities in fostering economic growth in developing nations, the International Federation of Accountants' (IFAC) Developing Nations Committee has released guidance entitled Establishing and Developing a Professional Accountancy Body. Available

electronically through the IFAC website or on a CD-ROM, this new guidance will be a valuable resource to development partners, governments and others seeking to build accountancy capacity in various countries, as well as to many of IFAC's current and future member organizations.

The new guide addresses a variety of situations, including where a formal accountancy profession does not exist in a country, where the profession exists and there is a desire to establish a professional accountancy body, and where an existing professional body requires further development and enhancement.

The guide addresses the following areas:

- o Establishing a professional body;
- o Roles and responsibilities of a professional accountancy body;
- o Education and examinations; and
- o Capacity development.

The Developing Nations Committee welcomes best practice examples and other input on the guide, which it anticipates updating at least annually. These may be emailed to developingnations@ifac.org.

ICMAP News

ICMAP National Council 2006-2008 Election: The Election of 14th National Council for the term 2006-2008 was held on December 25, 2005. Results of the election were announced during 39th Annual General Meeting held on December 27, 2005 at Head Office, Karachi.

The Federal Government has also nominated four members under section 9(2) (c) of the Cost and Management Accountants Acts, 1966.

The National Council 2006-2008 will, therefore, consist of the following members.

Elected Members:

1. Mr. Hasan A. Bilgrami
2. Mr. Sher Afgan Malik
3. Mr. Kashif Mateen Ansari
4. Mr. Muhammad Rafi
5. Mr. Mohammad Arif Nara
6. Mr. Mutee-ur-Rehman Mirza
7. Mr. Muhammad Azam Khan Shad
8. Mirza Munawar Hussain

**Nominated Members:**

1. Mr. Arif Mansur, Additional Finance Secretary (Budget), Finance Division, G. O. P.
2. Mr. M. H. Asif, Members (Finance), Oil & Gas Regulatory Authority
3. Mr. Jalal Ahmed Khan, Practicing Member
4. Mr. Mohammad Aleem Akhtar, Director Finance, Iqra University

Seminar on Mutual Funds an Investment opportunity for General Public:

Institute of Cost & Management Accountant of Pakistan organized seminar on Mutual Funds an investment opportunity for general public on Monday, December 19, 2005 at Pearl Continental Hotel, Karachi. Dr. Salman Shah, Advisor to Prime Minister for Finance said in his inaugural session that inefficient private and financial sectors were big impediments to being competitive in global market, and added that real sector was the ultimate beneficiary of financial sector reforms. He also said that the government wants to further strengthen the financial sector to invest more in real sector for further economic development of the country.

Financial Advisor maintained that along with the positive outcome of the financial sector reforms, the same taken in capital market also proved in robust performance of the capital markets. The capital market has huge potential, Dr. Shah said, and added that the government would take further initiatives like more listing of companies, and offering of IPOs to tap its potential.

On privatization front, he said that after the successful transaction of KESC, which he called a difficult one, the government was encouraged to move towards other sector as government has nothing to do with the business. It is the private sector, which is the engine of growth anywhere. Also, the restructuring of legal system of the country is to provide legal playing field to investors and businessmen. "So, when you look at the overall health of the national economy," he said, "the signs are very positive that country's economic growth is second to none in the world".

Former president ICMAP Sher Afgan Malik, Sadiq Hussain, Chief Investment Officer AKD Investment Management and Chairman Karachi Branch Council of ICMAP Javed Mansha also spoke.

ICAP News

ICAP Accounting Standards on Islamic banking and financial reporting system:

The Institute of Chartered Accountants of Pakistan (ICAP) has developed International Accounting Standards (IAS) with regard to Islamic banking and financial reporting system. This was stated by ICAP president Syed Mohammad Shabbar Zaidi in his speech at the Karachi Income Tax Bar Association on Tuesday, December 20, 2005.

He observed that the IAS would be released from the first day of 2006 and

said that it would be more transparent IAS. Pakistan would be the first Muslim country to have successfully drafted the IAS, said the ICAP president.

He asserted that the IAS would, besides standardization, make available sound foundations for the speedy spread and growth of Islamic banking and finance. It would help directly in establishing more Sharia-complaint banks, financial institutions in the country thus creating new job opportunities for young trained manpower, he said.

PIPFA Affairs

Annual Membership Subscription: Annual Membership Subscription for the year 2005-06 had become due on 1st July 2005. Members who have not yet paid their dues are requested to clear the same at earliest. These make payment through demand draft of cross cheque in favour of PIPFA drawn on any bank branch at Karachi. Members at Lahore and Faisalabad can also make payment to our Lahore or Faisalabad Office.

Educational Exhibition: PIPFA participated in the Educational Exhibition at Karachi held with the collaboration of Institute of Cost and Management of Pakistan. The Exhibition was attended by large number of intending students, parents and other interested persons. Visitors were very impressed with PIPFA's program and its availability at easily affordable cost.

Commencement of the Classes: PIPFA classes for the Summer Session 2006 will commence in the 2nd week of January-2006 at all its own campuses and the approved coaching centers.

Admission of New Members:**Fellow:**

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|---------------------------------|----------|
| 1. Mr. Sajid Hussain | FPA-04 |
| 2. Mr. Zamir ud Din A. Alvi | FPA-1421 |
| 3. Mr. Muhammad Iqbal | FPA-1498 |
| 4. Mr. Amir Shafique Topra | FPA-1684 |
| 5. Mr. Sheikh Muhammad Mossadiq | FPA-1818 |

Associate:

- | | |
|-------------------------------|----------|
| 1. Mr. Abdul Jabbar | APA-3613 |
| 2. Mr. Shahid Ali | APA-3614 |
| 3. Mr. Faisal Mahmood | APA-3615 |
| 4. Mr. Muhammad Adnan Ehsan | APA-3616 |
| 5. Mr. Muhammad Asghar | APA-3617 |
| 6. Mr. Muhammad Usman Qureshi | APA-3618 |
| 7. Mr. Bakhtyar Humayun | APA-3619 |
| 8. Mr. Muhammad Imtiaz Uddin | APA-3620 |
| 9. Mr. Mumtaz Ahmed Qureshi | APA-3621 |
| 10. Mr. Afzal Kashif | APA-3622 |
| 11. Mr. Hamayun Majid Qurashi | APA-3623 |
| 12. Mr. Hammad Ahmad Usmani | APA-3624 |
| 13. Mr. Muhammad Afzal | APA-3625 |
| 14. Mr. Muhammad Tariq | APA-3626 |
| 15. Mr. Muhammad Jamil Tayyab | APA-3627 |
| 16. Mr. Rehan Idrees Mirza | APA-3628 |
| 17. Mr. Muhammad Asif | APA-3629 |
| 18. Mr. Khurram Saif | APA-3630 |
| 19. Mr. Muhammad Hanif | APA-3631 |

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|-----------------------------------|----------|
| 20. Mr. Sameer Hanif | APA-3632 |
| 21. Mr. Qamar Ali Mumtaz | APA-3633 |
| 22. Mr. Javid Anjum | APA-3634 |
| 23. Mr. Raza Ur Rehman Qamar | APA-3635 |
| 24. Mr. Haroon Iqbal | APA-3636 |
| 25. Mr. Muhammad Shahid | APA-3637 |
| 26. Mr. Khalid Masood Aziz | APA-3638 |
| 27. Mr. Muhammad Shafiq Ur Rehman | APA-3639 |
| 28. Mr. Muhammad Usman Hanif | APA-3640 |
| 29. Mr. Khuram Shahzad | APA-3641 |
| 30. Mr. Muhammad Aleem Tahir | APA-3642 |
| 31. Miss Sadia Perveen | APA-3643 |
| 32. Mr. Awais Nazir | APA-3644 |
| 33. Mr. Muhammad Kamran | APA-3645 |
| 34. Mr. Shahid Shafi | APA-3646 |

ICAP's New Nominations on the Board of Governors of PIPFA:

The Council of the Institute of Chartered Accountants of Pakistan has nominated the following members on the Board of Governors of PIPFA in place of the past Council members.

Mr. Shaikh Saqib Masood, FCA is a Partner and Head Tax Consultant of KPMG Taseer Hadi & Co. Chartered Accountants, a member firm of KPMG International. He is a Fellow Member of Karachi (ICAP) Karachi. Mr. Masood is a member of National Council of ICAP for 2005-2009 and Chairman of Taxation & Economic Policies Committee of ICAP.

He is also the President of the Income Tax Bar Association, Karachi, the largest Bar of the country, for the year 2005. Earlier, he served as Vice-President of the Bar in the year 2001. Mr. Masood is also a member of Management Association of Pakistan (MAP), and Income Tax Bar Association, Karachi.

Syed Shahid Husain Jafri is a Fellow Member of the Institute of Chartered Accountants of Pakistan. Currently he is associated with Sui Southern Gas Company as Dy. General Manager (Internal Audit). Mr. Jafri prior to joining ICAP Council, served on the Southern Regional Committee of ICA for two consecutive terms.

Mr. Arif Mansur is a career civil servant over thirty years of service in different capacities. He currently holds the position of Additional Finance Secretary and is responsible for Budget and Banking Wings of the ministry of Finance. His previous assignment was with the Department of the Auditor General of Pakistan as Deputy Auditor General. He has been nominated by the Ministry of Finance to the ICAP Council. He holds Masters Degrees in Business Administration, Defense and Strategic Studies and Political Science. Mr. Arif Mansur is also member of Pakistan Television and Pakistan Broadcasting Corporation.



Dear Member,

We are please to inform you that our Institute is publishing Directory of its members.

Please find enclosed herewith Data Entry Sheet, which you may kindly fill in and return the same at your earliest.

Please provide the current details in the Data Entry Sheet so that all correspondence from the Institute reaches at your correct address.

Thanks and Regards

Yours truly

(Syed Jamil Ahmed Rizvi)
Executive Director

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Membership # _____

Name _____

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Postal Code _____

Phone _____ Fax Residence _____

Mobile No _____ Operational E-Mail _____

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Department _____

Name of Organization _____

Address _____

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Industry Name _____

Operational email Address _____

Public Sector

Govt. of Pakistan

Govt. Controlled Corporation

AGP

AGPR

Pakistan Railway

Pakistan Post Office

P.A.E.C.

Others

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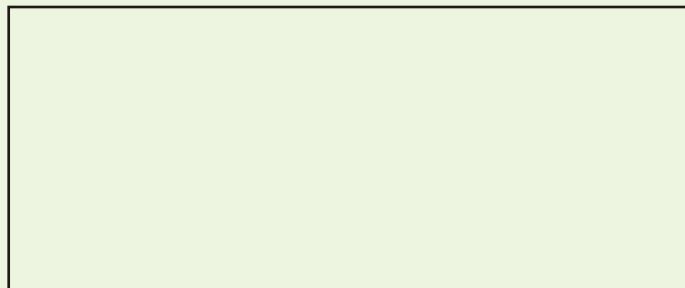
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