

# 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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### HEAD OFFICE:

Office # 907, 9th Floor, Park Avenue,  
24-A, Block 6, P.E.C.H.S.,  
Shara-e-Faisal, Karachi-75400  
Tel.: (021) 4380451-52

### LAHORE OFFICE:

42 Civic Centre, Barkat Market,  
New Garden Town, Lahore.  
Tel.: (042) 5838111-5866896

### FAISALABAD OFFICE:

Room # 2, 2nd Floor,  
Kuwait Plaza, Soosan Road,  
Madina Town, Faisalabad.  
Tel.: (041) 8530110

### PUBLICATION COMMITTEE

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## Corporate Sector

### SECP Re-elected Member of IOPS Executive Committee:

In the Annual General Meeting of International Organization of Pension Supervisors (IOPS) held in Beijing (China) on November 14, 2007, the Securities and Exchange Commission of Pakistan (SECP) was re-elected as member of the Executive Committee along with Chile, India, Italy and Jordan. The IOPS, successor of International Network of Pension Regulators (INPRS), was formed as an independent body in 2004 with an objective to promote international cooperation on pension supervision and facilitate contact between pension supervisors and other stakeholders. SECP, in its capacity as the regulator of private pension in Pakistan, is also a governing member since inception of IOPS. Presently, IOPS has 51 countries as its governing members while nine countries and international institutions have associate member and observer status.

The major goal of the IOPS is to improve the quality and effectiveness of the supervision of private pension systems throughout the world, thereby enhancing their development and operational efficiency, and allowing for the provision of a secure source of retirement income in as many countries as possible.

Voluntary Pension Funds Institution have started operations in Pakistan.

### Class of Companies Exempted from Requirement of Section 208 Notified:

The Securities and Exchange Commission of Pakistan (SECP) has notified the class of companies that will be exempted from the requirement of Section 208 of the Companies Ordinance, 1984 under which a company cannot make investments in any of its associated companies and undertakings unless the shareholders of such company approve the investment by a special resolution.

The government has omitted the relevant provisions from Section 208 of the Companies Ordinance through Finance Act 2007, under which the exemption was earlier granted to:

- a banking company;
- any other financial institution approved by the Commission;
- a private company which is not a subsidiary of a public company; and
- a company whose principal business is the acquisition of shares stock, debentures or other securities.

The Finance Act 2007 has empowered the Commission to specify, through notification, published in the official Gazette, the class of companies or undertakings to which the restriction provided in the aforesaid provisions of the Ordinance shall not apply. The Commission in exercise of its powers has, vide S.R.O. dated August 13, 2007, notified that the following classes of companies shall be exempted from the requirement of sub-section (1) of Section 208 of the Ordinance to the extent provided hereunder:

- a banking company duly licensed by the State Bank of Pakistan, to the extent of investments made in the ordinary course of its business, excluding equity investments;
- a Development Finance Institution duly licensed by the State Bank of Pakistan, to the extent of investments made in the ordinary course of its business, excluding equity investments.

## Financial Sector

### State Bank issues draft "Branchless Banking Guidelines":

The Governor, State Bank of Pakistan, Dr Shamshad Akhtar announced the launching of Branchless Banking (BB) by using delivery channels like retail agents, mobile phones etc. This represents a significantly cheaper alternative to conventional branch-based banking and allows financial institutions and other commercial players to offer financial services outside traditional banks' premises. BB can be used to substantially increase the financial



services outreach to the un-banked communities. Provision of enabling regulatory environment by careful risk-reward balancing is necessary to use such models.

In line with its responsibility to promote financial inclusion without risking the safety and soundness of the banking system, the State Bank issued a policy paper on regulatory framework for mobile banking in Pakistan which stipulated SBP's strategy for promoting branchless banking in Pakistan. SBP has now prepared draft guidelines as part of the broader strategy to create enabling regulatory environment to promote Bank-led Model of branchless banking and sought comments from all the stakeholders. The primary audiences of these draft guidelines are financial institutions (Commercial Banks, Islamic Banks, Microfinance Banks and Development Finance Institutions) desirous to undertake branchless banking. However, as financial institutions cannot take on BB without the help of other market players like telecom companies, technology service providers, agents etc., the comments of such other parties on the draft will also be welcomed.

These draft guidelines outline permissible branchless banking activities and necessary requirements and procedures for conducting these activities. Guidelines also contain sections defining key roles and responsibilities, use of agents for conducting branchless banking activities (including cash deposit and withdrawal), use of third party service providers, data & network security, risk management program and customer protection and awareness. A salient feature of these guidelines is the introduction of 'Risk Based Customer Due Diligence (CDD)' which rationalizes the KYC/CDD requirements with the levels of risk exposures.

As part of its consultative approach and to take all stakeholders in confidence, SBP has asked for feedback/comments on these guidelines by December 10, 2007. Detailed Guidelines are available on SBP website: [www.sbp.org.pk](http://www.sbp.org.pk). State Bank plans to finalize these guidelines by December 31, 2007.

## **Governor State Bank of Pakistan Appointed Chairperson of IFSB Council:**

The Council of the Islamic Financial Services Board (IFSB) has endorsed the appointment of Dr Shamshad Akhtar, Governor, State Bank of Pakistan as the Chairperson of the IFSB Council for a one-year term beginning from January 01, 2008.

Dr Akhtar, who is currently the Deputy Chairperson, will be the 5th Chairperson of the IFSB Council. The Council of IFSB in its 11th meeting held in Jeddah yesterday also endorsed the appointment of Mr. Hamad Al-Sayari, Governor, Saudi Arabian Monetary Agency as Deputy Chairperson of the Council.

With Pakistan in the Chair, IFSB and SBP plan to hold the IFSB General Assembly and Council Meetings in Karachi from 25th to 29th March, 2008. The meetings will be preceded by a two-day seminar of the Third International Conference on "Islamic Banking and Finance: Risk Management, Regulation and Supervision" in association with Islamic Research and Training Institute (IRTI) and IFSB on 24th-25th March, 2008. The meetings will be followed by a public lecture with representatives from leading financial sector organizations on themes of financial stability.

The Islamic Financial Services Board (IFSB) is an international standard-setting organization that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors. The IFSB is effectively contributing towards the promotion and development of a prudent and transparent Islamic

financial services industry through introducing new or adapting existing international standards consistent with Islamic Shariah principles. The IFSB also conducts research and coordinates initiatives on industry related issues, as well as organizes roundtables, seminars and conferences for regulators and industry stakeholders.

It may be pointed out that the IFSB membership has continued to attract interest from international regulatory and supervisory institutions. The 11th Council meeting has resolved to admit 13 new members to the IFSB bringing the total members to 150. The newly admitted members include Bank of Mauritius and Hong Kong Securities and Futures Commission, which joined as Associate Member and Observer Member, respectively. The Council also admitted 11 other new Observer Members from among the financial market players.

The IFSB members now total 150 comprising 37 regulatory and supervisory authorities, 5 international inter-governmental organizations and 108 market players and professional firms operating in 31 jurisdictions.

## **State Bank, DFID to hold Regional Forum on Financial Inclusion in February:**

The State Bank of Pakistan (SBP), in collaboration with the UK's Department for International Development (DFID), will host a Regional Forum on Financial Inclusion in Karachi from **14 to 15 February, 2008**.

This is for the first time that such a high-level Forum on Financial Inclusion is being held in Pakistan. Governors of the Central Banks/Heads of Financial Regulatory Authorities from the member countries of South Asian Association for Regional Co-operation, as well as the Philippines, Indonesia, Malaysia, Singapore, South Korea and Thailand will participate in the Forum.

The Forum on Financial Inclusion will be primarily a consultative body for the Governors of the Central Banks / Heads of Financial Regulatory Authorities of the Forum countries, but will also invite financial inclusion experts from across the globe to draw from international best practice. The expected outcomes of the Forum include the formation of a Regional Consultative Group on Financial Inclusion Policy.

The significance of this event is reflected in the fact that the World Economic Forum 2008 has also dedicated a session to Financial Inclusion. The Regional Forum will thus provide an opportunity to further develop policy guidelines in the regional context, taking its cue from the discussions held at the World Economic Forum.

South Asia is home to over two billion people, with promising population dynamics offering strong potential to become a major economic force in the world. However, high levels of poverty have been a major barrier to sustainable growth in these countries. Greater financial inclusion would accelerate economic growth and reduce poverty, but this requires a concerted and sustained effort by policy makers and the private sector. The Forum will be an opportunity for sharing experiences, enhancing coordination, and creating synergies.

Developing an inclusive financial sector is increasingly becoming a policy priority for both developed and emerging economies. The substantially high proportion of people without access to financial services in many developing countries is widely recognized as one of the fundamental constraints in achieving sustainable economic growth. High levels of financial exclusion and the weak financial sectors that tend to be associated with such exclusion also hinder private sector development, lowering investment and trade.

## **Taxation**

### **FBR Authorises Frontier Corps to Carry Out Anti-Smuggling Functions along Pak-Afghan Border:**

In exercise of powers conferred under the section 6 of the Customs Act, 1969 (IV of 1969), Federal Board of Revenue vide its

Notification (Customs) dated 28th November, 2007 has authorised the Frontier Corps (NWFP and Baluchistan) to carry out anti-smuggling functions along the Pak-Afghan border. The powers have been delegated under the Customs Act in order to ensure a greater vigilance on the possible smuggling of wheat from Pakistan to Afghanistan. The powers will remain delegated to the Frontier Corps



## IFAC News

### IFAC's International Auditing and Assurance Standards Board Seeks New Chairperson:

The International Auditing and Assurance Standards Board (IAASB), an independent standard-setting board under the auspices of the International Federation of Accountants (IFAC), is seeking candidates for the position of IAASB Chair for a three-year term commencing January 1, 2009. The chair is appointed by the IFAC Board with the approval of the Public Interest Oversight Board (PIOB).

### IFAC Addresses Developing Nations, Small and Medium Practices and Regulatory Issues; Announces New Members and Board Members:

At its Council and Board meetings in Mexico City last week, the International Federation of Accountants (IFAC) announced new resources to support professional accountants working in small and medium practices (SMPs) and approved a policy paper outlining its position on professional regulation. IFAC also approved three new associates and a new affiliate and announced the appointment of five new members to its Board.

## ICMAP News

### ICMAP Launched Internet Based Distance Learning Programme IBDLP:

The Institute of Cost and Management Accountants of Pakistan is launching Internet Based Distance Learning Programme (IBDLP) from **Spring - 2008** session.

Under this programme lectures will be available on CDs. It will facilitate students living in remote areas. Students will get

opportunity to interact with the counsellors for guidance on regular basis through Internet. Two online tests will be conducted to test the students overall progress on the course. On successful completion of IBDLP session and passing one of the two online tests, students will be eligible to appear in ICMAP examinations.

In this connection, launching seminars are being held where presentation on IBDLP will be delivered. Details of Seminars are available at [www.icmap.com.pk](http://www.icmap.com.pk)

## PIPFA Affairs

### PIPFA Launching New Syllabus From Winter 2008:

Meetings of Board of Studies (BOS) of PIPFA were held on December 17 and October 21, 2007 at PIPFA Lahore Office. Major decisions taken at the meeting and subsequently BOS and BOG have approved the new course of studies for PIPFA Examination which will be effective from the Winter-2008. The total number of subjects will be TEN.

Some subjects, such as "Mercantile Law", "Company Law" and "Corporate Law & Practices" have been merged and a new demanding subject "Business Laws & Practices", has emerged. Additional topics have been included in many subjects to bring them in-line with the latest professional developments. A new subject of "Performance Measurement" is also included in Intermediate Level. There will be Computer based examination / testing of the three subjects of Foundation Level.

### PIPFA's 14th AGM:

The 14th Annual General Meeting of Pakistan Institute of Public Finance Accountants was held on Saturday, November 3, 2007 at 4:30 p.m. at Head Office of Institute of Cost and Management Accountants of Pakistan.

### Proficiency Awards

The Institute has been providing professional education of high standard to its students since its inception.

To encourage the brilliant students, it offers 50% concession to position holders, at the time of admission as well as special students. Moreover, Proficiency Awards are given to candidates in recognition of their outstanding performance in the examination.

### SKANS School of Accountancy Gold Medal

This Gold Medal will be given to a candidate passing all the subjects of Final and obtaining the highest marks.

### Certificate of Merit and/or Special Certificate of Merit

A certificate of Merit will only be awarded to the examinee securing first position in the subject, provided that:

- o He/she obtains the highest marks in the subject amongst the students appearing in that examination.
- o He/she secures at least 65% marks in the subject.

Examinees securing the highest marks in aggregate in any level are awarded Special Certificate of Merit, subject to the following:

- o he/she secures at least 65% marks in the aggregate in a level.
- o he/she passes all the subjects of that level in that examination.

### Changes for the Challenges

Addition of a **Marketing Department** is yet another dynamic variation to PIPFA which will definitely bring drastic up gradation now and a more important one in years to come.

Deputy Director Marketing with his vibrant vision of the market has designed aggressive marketing strategies to enhance PIPFA's permanence and at the same time provide predictable based guidelines to students in designing a more confident and prosperous career.

PIPFA is conducting Seminars at different colleges, universities, Higher Secondary Schools and Coaching Centers. The Seminars are aimed to develop a 'Career Planning' habit among the students and at the same time students are made aware of the advantages that they may be able to harvest through taking admission in PIPFA. In this connection five seminars have already been conducted at various colleges of Karachi.

### PIPFA Shaping to Offer Convenience:

To add convenience to students and members PIPFA has proudly established offices and Institutions in the heart of major cities.

PIPFA has acquired two floors in PARK AVENUE, located at Shahr-e-Faisal, the heart of Karachi. This is, without any doubt a bold step towards facilitating stake holders with expediency.

To cater the need of the students and members within Punjab, PIPFA has now opened its campuses in Faisalabad and Islamabad. These campuses have been established to give more prompt and superior service to neighboring area.

If you require any assistance you may visit or contact the campus most suitable to you.

### PIPFA Coaching Centre Karachi:

207, Park Avenue, 2nd Floor, 24-A, Block-6, P.E.C.H.S., Shahr-e-Faisal, Karachi-75400.

**Mr. Atiq-ur-Rahman:** Cell # 0333-2166132

Phone # 021-4380451-2

### PIPFA Faisalabad:

Ajmal Center-1, 289-1, Batala Colony, Faisalabad.

Phone # 041-8530110

### PIPFA - Islamabad:

House # 775, Street # 72, Sector I- 8/3, Islamabad.

**Mr. Ijaz Hussain:** Cell # 0300-6767256



## Admission of New Members:

1. Sh. Muhammad Asghar Tahir (APA-4191)
2. Muhammad Rizwan Arshad (APA-4192)
3. Khan Muhammad Baluch (APA-4193)
4. Syed Adnan Abdali (APA-4194)
5. Javaid Rahman (APA-4195)
6. Rafqat Hussain (APA-4196)
7. Hasan Tariq Sheikh (APA-4197)
8. M. Ehtesham Shaukat (APA-4198)
9. Liaqat Ali (APA-4199)
10. Muhammad Faheem (APA-4201)
11. Muhammad Amin Nagaria (APA-4202)
12. Muhammad Asif Manzoor (APA-4203)
13. Muhammad Bilal Irshad (APA-4204)
14. Sumera Majeed (APA-4205)
15. Sadiq Hussain (APA-4206)
16. Tariq Ali (APA-4207)
17. Muhammad Rehan (APA-4208)
18. Nazir Ahmed Shaheen (FPA-4209)
19. Hafiz Qammar Sajjad Ahmad (APA-4210)
20. Omer Khan Ghaznavi (APA-4211)
21. Syed Zohair Irfan (APA-4212)
22. Majid Ali Khan (APA-4213)
23. Syed Salman Akhter (APA-4214)
24. Fahad Alam (APA-4215)
25. Shafquat Hussain (APA-4216)
26. Muhammad Yasin Shad (APA-4217)
27. Muhammad Aamir Imtiaz Khan (APA-4218)
28. Shahzad Ali (APA-4219)
29. Muhammad Usama Wakil (APA-4220)
30. Muhammad Kamran Butt (APA-4221)
31. Abdul Sami (APA-4222)
32. Naseem Ahmad (APA-4223)

33. Asif Mahmood (APA-4224)
34. Mahwish Embreen (APA-4225)
35. Ejaz Hussain (APA-4256)
36. Saima Rana (APA-4226)
37. Riaz Ul Hassan (APA-4227)
38. Noman Shahid (APA-4228)
39. Muhammad Asif Shakoor (APA-4229)
40. Mohammad Sohail (APA-4230)
41. Asad Altaf (APA-4231)
42. Ejaz Hussain (APA-4232)
43. Shehzad Ali (APA-4233)
44. Muhammad Tahir Usman (APA-4234)
45. Muhammad Abdul Wahab Hafeez (APA-4235)
46. Imran Ahmed (APA-4236)
47. Muhammad Asif Khan (APA-4237)
48. Imran Asif (APA-4238)
49. Rahat Aziz (APA-4239)
50. Syed Muhammad Raza Zaidi (APA-4240)

## Fellow Members

1. Muhammad Ibrahim Khalil (FPA-202)
2. Maqbool Hussain Shah (FPA-254)
3. Abdul Waheed (FPA-349)
4. Rahim (FPA-491)
5. Kanwar Izhar Ahmad (FPA-854)
6. Hamood-Ur-Rahman (FPA-2135)
7. Muhammad Ather Aslam (FPA-2201)
8. Mansoor Zia (FPA-2215)
9. Abid Imam (FPA-2230)
10. Adil Imran (FPA-2431)
11. Sikander Iqbal (FPA-2456)
12. Yasar Bin Khalid (FPA-2482)
13. Arshad Fawad (FPA-2550)



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To,

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## Pakistan Institute of Public Finance Accountants

Office # 907, 9th Floor, Park Avenue, 24-A, Block 6, P.E.C.H.S.,

Shara-e-Faisal, Karachi-75400, Pakistan.

Tel.: (021) 4380451-52, Fax: (92-21) 4326588

Email: pipfa@cyber.net.pk, Website: www.pipfa.org.pk