



ICMA

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Monthly Technical Updates

on Accounting, Taxation & Laws

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TSPD Directorate

The Council strengthened Technical Support & Practice Development (TSPD) directorate to provide technical updates and professional advice to practicing and other members of the Institute. The support to the practicing members and industry includes technical support to the Government on legislations; development of cost accounting standards, records and guidelines for the industry; quality assurance; capacity building and practice development of Management Accounting firms of ICMA Pakistan, and preparing Budget commentaries, Directories of practicing members, Registration of CMA Firms etc.

Message from the President

I, on behalf of the National Council of ICMA Pakistan, congratulate and appreciate the efforts of Mr. Ghulam Mustafa Qazi, Chairman Technical Support and Practice Development (TSPD) Committee of ICMA Pakistan, Mr. Aamir Ijaz Khan, Executive Director ICMA Pakistan and TSPD Directorate on successful launch of Monthly Technical Updates on Accounting, Taxation & Laws.



In today's modern world, such updates have become a popular and effective medium for building relationships and for maintaining regular contact with the members and stakeholders. I believe that these updates will keep all Members abreast with the current affairs of the country, economy, profession and activities of the Institute.

I once again acknowledge the efforts of the Institute and urge our practicing members to come forward and share their valuable suggestions to improve its effectiveness for the benefit of the Institute and profession.

Zia ul Mustafa Awan, FCMA
President

Message from the Chairman

Dear Members,

I am pleased to present Monthly Technical Updates on Accounting, Taxation & Laws for the month of November 2019. The updates provide an insight on the national and international updates, developments regarding the profession, activities and initiatives of the TSPD Directorate and facilitation to Members in general and Practicing Members in particular. It also encompasses analytical views and briefs of the relevant promulgations during the month.



The idea behind this publication is to create a platform for Practicing Members to share their analytical expertise by writing articles of professional interest and for Members to familiarize themselves with the latest developments in the field of accountancy, audit and business regulatory laws of the country.

The TSPD directorate requests for inputs and suggestions from worthy Members in order to make these updates beneficial for all stakeholders. I, therefore, request all our Practicing Members in particular and Members in general, to share their valuable suggestions and ideas to further enhance the objective of this publication. Members are also requested to suggest topics that TSPD Committee should consider for arranging seminars, workshops and training programs to add value to stakeholders.

Please do share your comments on tspd@icmap.com.pk

Well done TSPD Directorate for the efforts

Ghulam Mustafa Qazi, FCMA
Chairman TSPD Committee

Feature News

Launch of Monthly TSPD Updates

Technical Support and Practice Development (TSPD) Directorate, under the guidance of Mr. Aamir Ijaz Khan, Executive Director ICMA Pakistan, has launched a monthly technical update on Accounting, Taxation & Laws. The updates provides a glimpse of National and International Technical Updates on Accounting, Taxation & laws; and other informative material for the benefit of practicing members in particular and members in general.



Committee Activities

Technical Session on levy of Sales tax on services and decision of Islamabad High Court (IHC)

Technical Support & Practice Development Committee (TSPD) organized a meeting/ technical session to discuss levy of Sales tax on services and decision of Islamabad High Court (IHC) at ICMA Pakistan campus Islamabad. The objective of this session was to discuss the outcomes/ possibilities of this action and to develop a strategy to deal with this issue. The program was organized on the instruction of Chairman TSPD Committee as chair of the event and Worthy Practicing Members from Rawalpindi and Islamabad participated in the event.



Consultative Session to discuss & finalize the way forward regarding Levy of Sales Tax on Services and decision of Islamabad High Court

Technical Support & Practice Development Committee (TSPD) organized a Consultative Session to discuss & finalize the way forward regarding Levy of Sales Tax on Services and decision of Islamabad High Court (IHC) at ICMA Pakistan campus Islamabad and through video link at Karachi, Lahore, Faisalabad and Multan. The objective of this session was to finalize the way forward of the Institute regarding the subject. The program was organized on the instruction of Chairman TSPD Committee as chair of the event and Worthy Practicing Members from all centers participated in the event.



Meeting of Technical Support & Practice Development (TSPD) Committee

Technical Support & Practice Development (TSPD) Committee organized its 29th meeting ICMA Pakistan campus Islamabad and through video link at Karachi, Lahore, Faisalabad and Multan. The meeting was held under the chairmanship of Mr. Ghulam Mustafa Qazi, Chairman TSPD Committee. The main agenda of the meeting was to finalize the strategy in respect of levy of sales tax on services.

Launch of TSPD News at Glance

In order to keep the practicing members of the Institute abreast with the daily National and International News related to the business, economy and profession, TSPD launched an exclusive daily issue of News at Glance. In addition to the daily news updates, the document also provide a glimpse of daily stock market, bullion rates and currency exchange rates.

In order to make the document readily available for members, the same is shared on the "TSPD WhatsApp Group". Worthy Members, who intend to receive News at Glance, are requested to share thier WhatsApp numbers at tspd@icmap.com.pk.



National Update

Taxation

1. EXTENSION IN DATE OF FILING OF INCOME TAX RETURNS/ STATEMENTS FOR TAX YEAR 2019

Federal Board of Revenue (FBR) vide their Circular No.16/2019 dated November 29, 2019 extended the date of filing of Income Tax Returns/Statements for the Tax Year 2019 till December 2019.

According to SRO, the date of filing of Total Income / Statements of final taxation for Individuals and Associations of Persons for the Tax Year 2019 which were due on September 30, 2019 and extended up to Nov 30, 2019 is hereby further extended up to Dec 16, 2019.

Further, the date of filing of Total Income / Statements of final taxation for Companies for the Tax Year 2019, which were due on September 30, 2019 and extended up to November 30, 2019, in respect of those companies who have paid ninety five percent of the admitted tax liability on or before 30.09.2019, is hereby further extended up to December 16, 2019.

2. SPECIAL INSTRUCTIONS REGARDING BOOKS OF ACCOUNTS, DOCUMENTS AND RECORDS TO BE MAINTAINED BY DESIGNATED PERSONS (DPS) AND REPORTING OF SUSPICIOUS TRANSACTIONS

Federal Board of Revenue (FBR) vide their S.R.O. 1320(I)/2019 proposed further amendments in the Income Tax Rules, 2002 by inserting a new Part IV, comprising of special instructions regarding books of accounts, documents and records to be maintained by designated persons (DPS) and reporting of suspicious transactions. "Designated person" or "DP" means jewellers and real estate agents.

FBR proposed these changes for enforcement of law by binding the real estate agents and jewellers to maintain record of beneficial owners of properties and jewellery and report about all suspicion transactions to tax machinery.

The draft rules directs that the jewelers and real estate agents to documents and record where the value of transaction, inclusive of all applicable taxes, duties, rates and cess exceeds Rs2,000,000 in case of immovable property and Rs1,000,000 in other cases.

For reporting of suspicious transactions, the jewelers and real estate agents (DPS) shall mark a transaction as suspicious in the IRIS online system if the DP has reason to believe that the transaction or a pattern of transactions of which the transaction is a part involves funds derived otherwise than from the business activity or assets declared to the income tax authorities or designed to evade any requirement of the Ordinance or to conceal the beneficial owner or his activity.

The (DPS) shall mark a transaction as suspicious if it has no apparent economic or lawful purpose after examining the available facts, including the background and possible purpose of the transaction; or involves financing of terrorism, including fund collected, provided, used or meant for, or otherwise linked or related to, terrorism, terrorist acts or organisations and individuals concerned with terrorism.

A transaction shall be marked as suspicious if the buyer or seller frequently changes bank accounts; uses a bank account other than an account maintained in the name of beneficial owner; makes or receives payment in cash or primarily in cash or maintains a creditor or debtor account with the DP and instructs the DP to adjust the balance of his account against a creditor debtor account of another buyer or seller. The DP shall not disclose the facts to the customer in relation to suspicious transactions. In case of non-compliance, where the record is not maintained in the prescribed form, the business licence of DP shall be suspended forthwith, pending further investigation into the matter. Where DP fails to comply with these rules, he shall be liable to penalty under part X and prosecution under part XI of chapter X of Ordinance.

The record to be maintained and furnished by the DP under these rules shall be subject to spot inspection by income tax authorities who may be assisted by other law enforcement agencies under section 178 of the Income Tax Ordinance. Where the record is not maintained in the prescribed form, the business licence of the DP shall be suspended forthwith, pending further investigation into the matter. An officer carrying out investigation under sub-rule (2) shall have authorisation under section 175 and 176 of the Income Tax Ordinance 2001. Where a DP fails to comply with any of these rules, he shall be liable to penalty under Part X and prosecution under Part XI of Chapter X of the Ordinance.

On conclusion of investigation, the officer may submit a report to the Commissioner and make recommendations, inter alia, regarding, cancellation or reinstatement of the business licence; or referral of the matter to specialised external investigating agencies for further investigation under their respective laws.

For further details, please visit the following link:-
<http://download1.fbr.gov.pk/SROs/201911816111728174SRO1320.pdf>

3. AMENDMENTS IN THE SECTION 7A OF THE SALES TAX ACT

FBR vide their S.R.O. 1321(I)/2019 made following further amendments in the Twelfth Schedule to said Act, namely:-

In the Twelfth Schedule, under the heading "Procedure and Conditions", in clause (2):-

(a) in sub-clause (vii), the word "and" at the end shall be omitted; and
(b) in sub-clause (viii), for the full stop at the end, the expression "; and" shall be substituted and thereafter the following new sub-clause shall be added, namely:—

"(ix) the goods as specified in the Third Schedule on which tax is paid on retail price basis."

For further details, please visit the following link:-
<http://download1.fbr.gov.pk/SROs/20191181911581877SRO1321.pdf>

4. FEDERAL EXCISE DUTY LEVIABLE IN SALES TAX MODE ON THE GOODS SPECIFIED IN THE SECOND SCHEDULE

Federal Board of Revenue (FBR) vide their S.R.O. 1461 (I)/2019 dated November 28, 2019 has directed the sectors paying the FED in sales tax mode to follow section 8B (adjustable input tax) and section 23 (tax Invoices) of the Sales Tax Act 1990.

FBR has made it mandatory for two major sectors, i.e, edible oil, vegetable ghee/cooking oil and steel/billet manufacturers, paying Federal Excise Duty (FED) in sales tax mode, to follow tax invoices/adjustment of sales tax provisions and condition of providing CNIC of unregistered buyers.

The provisions of sections 8B and 23 of the Sales Tax Act, 1990 and serial numbers 46,49, 52, 52A,71,109,134 and 147 of Table-1 and serial numbers 3 and 4 of Table-2 in the Sixth Schedule thereto shall be applicable, mutatis mutandis, in regard to like matters in respect of the federal excise duty leviable in sales tax mode on the goods specified in the Second Schedule to the Federal Excise Act, 2005.

For further details, please visit the following link:-
<http://download1.fbr.gov.pk/SROs/2019112716112814206SRO1461OF2019DATED27.11.2019.pdf>

Corporate Sector

5. PANEL OF PROVISIONAL MANAGERS AND OFFICIAL LIQUIDATORS REGULATIONS, 2019

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 1352(I)/2019 dated November 11, 2019 approved Panel of Provisional Managers and Official Liquidators Regulations, 2019. Draft of the same was earlier published vide S.R.O. 610 (I)/2019 dated 30th May, 2019 for public comments. The Regulations shall come into force at once.

According to Regulations, the Commission shall maintain a Panel of provisional managers and official liquidators for the purposes of section 315 of the Companies Act, 2017 in the manner as it may deem fit. Provisional manager or official liquidator, as the case may be, already appointed by the Court under the Act before coming into force of these regulations, shall be exempt from the requirement of this regulation to the extent of such case for which the appointment was made.

A person, who intends to get himself included in the said Panel, shall have to apply to the SECP subject to the requirements of the Act and having following Educational and Professional Qualification:-

(i) a bachelors' degree in law, or Masters degree in business, commerce, accounting, finance, management, administration, or equivalent, duly recognized by the Higher Education Commission (HEC) of Pakistan; or

(ii) a chartered accountant or cost and management accountant or ACCA from Association of Chartered Certified Accountants (UK) or such other equivalent professional qualification as may be notified by the Commission.

In case of a professional accountant or cost and management accountant, persons having membership of the relevant professional institute will be considered eligible for inclusion in the Panel.

SECP shall maintain a register of provisional managers and official liquidators which shall be available on website of the SECP for public view in such form and having such content as may be determined by the Commission.

The interested individuals shall have to apply to the SECP on Form A, which is available at below link, along with all supporting documents as mentioned therein.

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/panel-of-provisional-managers-and-official-liquidators-regulations-2019/?wpdmdl=36903>

6. SECP MODIFIES EFFECTIVE DATE FOR APPLICABILITY OF IFRS 9

SECP vide their S.R.O. 1332(I)/2019 alters the effective date for applicability of International Financial Reporting Standard – Financial Instruments (IFRS 9) for Non-Banking Finance Companies till the Reporting period/ year ending on or after June 30, 2020.

The applicability of International Financial Reporting Standard – Financial Instruments (IFRS 9) in place of International Accounting Standard (IAS) 39 (Financial Instruments: Recognition and Measurement) for Non-Banking Finance Companies is deferred for the Reporting period/year ending on or after June 30, 2020, however, earlier application is also permitted.

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/sro-1332i-2019-notification-international-financial-reporting-standard-financial-instruments-ifs-9/?wpdmdl=36908>

7. FINANCIAL REPORTING OF FAMILY WINDOW TAKAFUL OPERATIONS BY LIFE INSURERS

Securities and Exchange Commission of Pakistan (SECP) vide their Circular No. 15 of 2019 dated November 18, 2019, in light of the Rule 11(1)(c) of the Takaful Rules, 2012, imposed following conditions on life insurers related to financial reporting of their window takaful operations:-

a) Life insurers authorized to carry on window takaful operations shall include the Family Takaful results in their published financial statements as follows:-

- The assets and liabilities of the window family takaful operations shall be consolidated with the assets and liabilities of the conventional operations in the Statement of Financial Position of the life insurer.
- The incomes and expenses of the window family takaful operations shall be consolidated with the incomes and expenses of the conventional operations in the Profit & Loss Account of the life insurer.
- Supporting notes where considered necessary for understanding of the users of financial statements shall be included as part of the notes to the financial statements; and
- The segment disclosures for Family Takaful Operations in accordance with the requirements of IFRS 8 – Operating Segments shall be included in the financial statements.

b) In the financial statements the retained earnings of the Participant Takaful Fund (PTF) shall be classified as insurance liability and included in the Total Liabilities of the Window Family Takaful Operations. Balance of the Operator Sub-Funds under the Window Family Takaful operations, shall be classified as part of shareholders' equity of the life insurer presented separately into (i) retained earnings attributable to shareholders — ledger account D; and (ii) other components.

c) Life insurers shall separately prepare financial statements for Family Takaful operations as if these are carried out by a standalone Takaful Operator and shall be annexed with the insurer's annual/interim report (as applicable). Supporting notes where considered necessary for understanding of the users of separate financial statements shall be included as part of the notes to the separate financial statements.

SECP further directed all Life insurers, undertaking Family Takaful business through window operations, to ensure that the financial statements for the periods commencing January 1, 2020 submitted with the SECP under the provisions of applicable laws are in compliance with the conditions placed above.

8. GENERAL TAKAFUL ACCOUNTING REGULATIONS, 2019

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 1416 (I)/2019 approved the General Takaful Accounting Regulations, 2019. Draft of the same was previously published in the official Gazette through S.R.O. 992(I)/2018 dated August 8, 2018. The regulations shall come into force the accounting periods commencing on or after January 1, 2020.

These Regulations shall be applicable to regulatory returns and the published financial statements of operators. The Operators shall comply with the requirements of International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Pakistan and the Islamic Financial Accounting Standards, as notified by the Commission subject to the specific provisions contained in these regulations.

The provision of Rule 19 of the Insurance Rules, 2017 along with Annexure – II and the provisions of the Insurance Accounting Regulations, 2017 shall not be applicable on a Takaful operator, however, these shall stand applicable on a window Takaful operator to the extent of its conventional insurance business modified to the extent stated at regulation 6 of these regulations in respect of its window Takaful business, provided that the provisions of these regulations shall stand equally applicable on the window Takaful business of window Takaful operator.

The Regulations can be downloaded from the following link:-

<https://www.secp.gov.pk/document/s-r-o-1416-i-2019-takaful-accounting-regulations-2019/?wpdmdl=37188>

9. DRAFT MODARABA REGULATIONS, 2019

SECP vide their S.R.O. 1417 (I)/2019 issued draft Modaraba Regulations, 2019.

Words and expressions used but not defined in these regulations shall have the same meanings unless contrary to the context as assigned to them in the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (Ordinance XXXI of 1980), or any administered legislation. According to the draft Regulations, while granting finance to a customer other than individuals, the modaraba shall obtain copy of accounts relating to the business of that customer for analysis and record in the following manner:-

(a) where the exposure does not exceed one million rupees.	Documentary evidence of the net worth of the customer.
(b) where the exposure exceeds one million rupees but does not exceed two million rupees	Accounts duly signed by the customer.
(c) where exposure exceeds two million rupees but does not exceed five million rupees.	Accounts duly signed by the customer and countersigned by: (i) a chartered accountant; or (ii) a practicing cost and management accountant in case of a customer other than a public company or a private company which is a subsidiary of a public company.
(d) where the exposure exceeds five million rupees	Accounts duly audited by: (i) a practicing chartered accountant; or (ii) a practicing cost and management accountant in case of customer other than a public company or a private company which is a subsidiary of a public company.

The Regulations can be downloaded from the following link:-
<https://www.secp.gov.pk/document/draft-modaraba-regulations-2019/?wpdmdl=37182>

SECP sought public comments on the said draft. Worthy Members are requested to please review the draft and forward their valuable feedback/ comments/ inputs to tspd@icmap.com.pk latest by December 02, 2019 for onward submission to SECP.

10. CORPORATE REHABILITATION REGULATIONS, 2019

SECP vide their S.R.O. 1415 (I)/2019 approved the Corporate Rehabilitation Regulations, 2019. Draft of the same was previously published for public comments vide S.R.O. 721 (I)/2019 dated July 04, 2019.

Words and expressions used but not defined in these regulations shall have the same meanings as are assigned to them under the Corporate Rehabilitation Act, 2018 (IX of 2018) or any administered legislation as specified in Schedule I to the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).

Subject to section 5 of the Act, the SECP shall maintain a Panel of insolvency experts in the manner as it may deem fit. Any person may apply to the Commission to be included in the Panel if he/she meets the following criteria:-

(i) has a bachelors degree in law, or masters degree in accounting, banking, finance, management, or equivalent, duly recognized by the Higher Education Commission (HEC) of Pakistan; or

(ii) is a chartered accountant or cost and management accountant or ACCA from Association of Chartered Certified Accountants (UK) or such other equivalent professional qualification as may be notified by the Commission:

Provided that in case of a professional accountant or cost and management accountant, the person must have membership of the relevant professional institute.

According to Regulations, a list of professionals included in the Panel, including particulars as per Form II, shall be displayed on the website of the Commission.

The Regulations can be downloaded from the following link:-
<https://www.secp.gov.pk/document/s-r-o-1415-i-2019-corporate-rehabilitation-regulations-2019/?wpdmdl=37185>

11. FEE STRUCTURE FOR REGISTERING MODARABA COMPANIES REVISED

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 1434 (I)/2019 revised fee structure for registration of Modaraba companies, annual renewal and other regulated activities within the Modaraba sector as under:-

Regulated Activity	Revised Fee
Application for Registration of Modaraba Company (non-refundable)	Rs.100,000
Renewal annually in the month of January	Nil
Application for Authorization to establish modaraba (non-refundable fee)	0.25% of the nominal amount
Renewal annually in the month of January	Nil
For filing, recording or registering any fact or document or fact required to be filed with, recorded by or registered with registrar	Rs. 1,000 for each document
For filing, registering and recording document relating to a mortgage or charge required under the Ordinance	Rs. 7,500
For application for enquiry	Rs. 2,000
For claim against Modaraba Company by modaraba certificate holders referred to the tribunal	Rs. 2,000
For any other application before the tribunal other than an application by Registrar or before the registrar by any person	Rs. 2,000
For inspection of records	Rs. 200
For certified copy of any document or extract there of	At the rate of Rs. 20 per page or part thereof subject to a minimum of Rs. 100

The revised fees would be applicable with immediate effect.

For further details, please visit the following link:-
<https://www.secp.gov.pk/document/sro-1434-i-2019-notification-revised-rate-of-fees/?wpdmdl=37232>

12. COMPANIES MUST FOLLOW IFRS 14 FOR PREPARATION OF STATEMENTS FROM JULY 1, 2019 ONWARDS

Securities and Exchange Commission of Pakistan (SECP) vide their SRO 1480 (I)/2019 notified that the International Financial Reporting Standard (IFRS) 14 – “Regulatory Deferral Accounts” – shall be followed by the companies for the preparation of financial statements for the annual reporting periods from July 1, 2019 onwards.

According to the SRO, SECP in exercise of the powers conferred by section 510 read with subsection 1 of section 225 of the Companies Act, 2017, in continuation of its earlier SRO 633(I)/2014, dated July 10, 2014, notified that the International Financial Reporting Standard (IFRS) 14 – “Regulatory Deferral Accounts” – and any further revisions issued by the International Accounting Standards Board shall be followed for the preparation of financial statements for the annual reporting periods beginning on or after July 01, 2019 by all classes of companies that are required by the Act to follow IFRS as notified by the SECP.

For further details, please visit the following link:-
<https://www.secp.gov.pk/laws/notifications/>

13. NOTIFICATION OF WITHDRAWAL OF COMPANIES (SUBMISSION OF INFORMATION REGARDING INCOME TAX RETURN) GENERAL ORDER, 2019

SECP vide their SRO 1479(I)/2019 withdrew the Companies (Submission of Information regarding Income Tax Return) General Order, 2019 issued vide SRO 1048 (I)/2019, dated September 11, 2019.

Earlier according to the SRO 1048 (I)/2019 the SECP made it compulsory for the corporate sector to submit compliance certificate regarding its status of compliance with the requirements of return under Income Tax Ordinance, 2001. The specified categories of companies were required to submit the compliance certificate to the SECP registrar regarding its status of compliance with the requirements of return under the Income Tax Ordinance, 2001. The SECP compliance certificate was made mandatory to ensure that companies would certify whether they are compliant with the requirement of filing of income tax return under the Income Tax Ordinance, 2001 for the current tax year. Previously, the SECP order shall apply to companies specified in Schedule I annexed to this Order and shall be applicable for the financial year ended/ending on or after June 30, 2019. Now the Companies (Submission of Information regarding Income Tax Return) General Order, 2019 has been withdrawn by the SECP.

For further details, please visit the following link:-
<https://www.secp.gov.pk/laws/notifications/>

International Update

14. IAASB SEEKS PUBLIC COMMENT ON EXPOSURE DRAFT OF CONFORMING AMENDMENTS TO THE INTERNATIONAL STANDARDS AS A RESULT OF THE REVISED IESBA CODE

The International Auditing and Assurance Standards Board (IAASB), on November 15, 2019, released an exposure draft focused on conforming amendments to the International Standards as a result of the revised International Ethics Standards Board for Accountants (IESBA) Code of Ethics for Professional Accountants (including International Independence Standards).

The amendments were made to align the IAASB's International Standards with the revisions to the IESBA Code by way of conforming amendments, thus ensuring that the IAASB's International Standards can continue to be applied together with the IESBA Code.

The IAASB introduced the proposed amendments to the following International Standards:-

- ISQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements;
- ISA 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing;
- ISA 220, Quality Control for an Audit of Financial Statements;
- ISA 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements;
- ISA 250 (Revised), Consideration of Laws and Regulations in an Audit of Financial Statements;
- ISA 260 (Revised), Communication with Those Charged with Governance;
- ISA 600, Special Considerations – Audits of Group Financial Statements (Including the Work of the Component Auditors);
- ISA 610 (Revised 2013), Using the Work of Internal Auditors;
- ISA 620, Using the Work of an Auditor's Expert;
- ISA 700 (Revised), Forming an Opinion and Reporting on Financial Statements;
- ISA 720 (Revised), The Auditor's Responsibilities Relating to Other Information;
- ISA 800 (Revised), Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks;
- ISA 805 (Revised), Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of Financial Statement;
- ISA 810 (Revised), Engagements to Report on Summary Financial Statements;
- IAPN 1000, Special Considerations in Auditing Financial Instruments;
- ISRE 2400 (Revised), Engagements to Review Historical Financial Statements;
- ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information;
- ISAE 3402, Assurance Reports on Controls at a Service Organization;
- ISAE 3410, Assurance Engagements on Greenhouse Gas Statements;
- ISAE 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus;
- ISRS 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information (Previously ISA 920); and
- ISRS 4410 (Revised), Compilation Engagements.

The amendments were also proposed to the International Framework for Assurance Engagements.

IAASB has sought public comments on the said exposure draft. Worthy Members are requested to please review the attached draft and forward their valuable feedback/ comments/ inputs to tspd@icmap.com.pk latest by December 31, 2019 for onward submission to IAASB.

For further details, please visit the following link:-

<http://www.iasb.org/news-events/2019-11/iasb-seeks-public-comment-exposure-draft-conforming-amendments>

Listed Companies (Code of Corporate Governance) Regulations, 2019

Securities and Exchange Commission of Pakistan (SECP) approved Listed Companies (Code of Corporate Governance) Regulations, 2019 on September 30, 2019. The notification was issued by the SECP through S.R.O. 1163 (I)/2019. Draft of the same was previously published by the SECP vide S.R.O. 485(I)/2019 dated 23rd April, 2019 and circulated among the members of ICMA Pakistan by TSPD Directorate vide Technical Update 389.

Listed Companies (Code of Corporate Governance) Regulations, 2017	Approved Listed Companies (Code of Corporate Governance) Regulations, 2019
<p style="text-align: center;">CHAPTER 1 PRELIMINARY</p> <p>1. Short Title and Commencement.- (1) These regulations shall be called Listed Companies (Code of Corporate Governance) Regulations, 2017.</p> <p>(2) These Regulations shall apply to listed companies and to all other entities, to the extent applicable, where the statutes and underlying licensing requirements requires such entities to comply with these Regulations. The term company used hereunder shall imply listed company and all entities to whom these Regulations apply.</p> <p>(3) They shall come into force for the period starting after December 31, 2017.</p> <p>2. Definitions. –</p> <p>Unless otherwise specified, words and expressions used but not defined in these regulations shall have the same meaning as assigned to them in the Companies Act 2017 (“the Act”) and the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).</p> <p style="text-align: center;">CHAPTER II NUMBER OF DIRECTORSHIP AND COMPOSITION OF BOARD</p> <p>3. Number of Directorship.- No person shall be elected or nominated or hold office as a director of a listed company including as an alternate director of more than five listed companies simultaneously: Provided that while calculating this limit, the directorship in the listed subsidiaries of a listed holding company shall be excluded. Provided further that the said limit on directorship shall be effective when the board shall be reconstituted not later than expiry of its current term of one year of the effective date of these Regulations, whichever is earlier.</p> <p>4. Diversity in Board.- The board of directors shall comprises of members having the core competencies, diversity, requisite skills, knowledge, experience and fulfils any other criteria relevant in the context of the company’s operations.</p> <p>5. Representation of Minority shareholders.- The minority members as a class shall be facilitated to contest election of directors by proxy solicitation, for which purpose, the listed companies shall:</p> <p>a. annex to the notice issued under section 159 (4) of the Act, a statement by a candidate from among the minority shareholders who seeks to contest election to the board of directors, such statement shall include a profile of the candidate(s);</p> <p>b. provide information regarding members and shareholding structure to the candidate(s); and</p> <p>c. on a request by the candidate(s) and at the cost of the company, annex to the notice issued under section 159 (4) of the Act an additional</p>	<p style="text-align: center;">CHAPTER 1 PRELIMINARY</p> <p>1. Short Title and Commencement.- (1) These Regulations shall be called the Listed Companies (Code of Corporate Governance) Regulations, 2019.</p> <p>(2) These Regulations shall apply to the listed companies based on “comply or explain approach” except the requirements for which it is explicitly stated as “mandatory” and it shall be the responsibility of the board of directors (the “Board”) to use this approach wisely and of investors to assess differing company approaches thoughtfully.</p> <p>(3) These Regulations shall come into force from the date of its publication.</p> <p>2. Definitions. – (1),- In these Regulations, unless there is anything repugnant in the subject or context,</p> <p>(a) “Annexure” annexure mean annexure appended to these Regulations;</p> <p>(b) “Comply or explain approach” means discretion of a company with respect to non-mandatory provisions of these Regulations either to comply or provide appropriate explanation as to any impediment in its compliance in the compliance report along with the financial statements;</p> <p>(c) “Mandatory” in relation to these Regulations, means such provisions that are construed to be strictly complied with by the company and non-compliance of such Regulations leads to penal proceedings under regulation 37;</p> <p>(2) Unless otherwise specified, words and expressions used but not defined in these Regulations shall have the same meaning as assigned to them in the Companies Act, 2017 (“the Act”) and the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).</p> <p style="text-align: center;">CHAPTER II NUMBER OF DIRECTORSHIP AND COMPOSITION OF BOARD</p> <p>3. Number of Directorship.- Subject to the requirements of section 155 of the Act, it is mandatory that no person shall be elected or nominated or hold office as a director of a listed company including as an alternate director of more than seven listed companies simultaneously: Provided that the said limit on directorship shall be effective when the Board shall be reconstituted not later than expiry of its current term.</p> <p>4. Diversity in the Board.- The Board shall comprise of members having appropriate mix of core competencies, diversity, requisite skills, knowledge, experience and fulfils any other criteria as deem relevant in the context of the company’s operations.</p> <p>5. Representation of Minority shareholders.- The minority members as a class shall be facilitated by the Board to contest election of</p>

copy of proxy form duly filled in by such candidate(s);

6. Independent Director.- (1) ~~The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher:~~

Provided that for the purpose of electing independent directors, the board shall be reconstituted not later ~~than expiry of its current term pursuant to effective date of these Regulations:~~

(2) ~~Every~~ independent director shall submit ~~along with~~ his consent to act as director, a declaration to the company that he qualifies the criteria of independence notified under the Act. ~~Every independent director shall give~~ such declaration to chairman of board at first meeting in ~~every financial year~~ as well as on an event of any change affecting his independence.

7. Female Director.- ~~The board of directors~~ shall have at least one female director when it is next reconstituted ~~not later than expiry of its current term or within the next one years from the effective date of these Regulations, whichever is later.~~

8. Executive Director.- The executive directors, including the chief executive officer, shall not be more than one third of ~~its board of directors.~~

Explanation: Executive director means a director who devotes the whole or substantially the whole of his time (whether paid or not) to the operations of the company.

9. Chairman of Board.- The Chairman and the chief executive officer of a company, by whatever name called, shall not be the same person.

The chairman shall be elected subject to such terms and conditions and responsibilities as provided under Section 192 of the Act and these Regulations.

CHAPTER III

RESPONSIBILITIES OF BOARD OF DIRECTORS AND ITS MEMBERS

10. (1) ~~In exercise of powers under Section 183 of the Act and in terms of Section 204 of the Act, the board of directors of a company shall carry out its fiduciary duties with a sense of objective judgment and in good faith in the best interests of the company and its stakeholders.~~

(2) The ~~board of directors~~ is responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies. ~~The board shall undertake~~ at least annually, an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Company and shareholders.

(3) The ~~board of directors~~ of a company shall ensure that:

(i) a vision and/or mission statement and overall corporate strategy for the company is prepared, adopted and reviewed as and when deemed appropriate by the board.

(ii) a formal code of conduct is in place that promotes ethical culture in the company and prevents conflict of interest in their capacity as member of the board, senior management and other employees. The board shall take appropriate steps to disseminate code of conduct throughout the company along with supporting policies and procedures ~~and these shall be put on the company's website;~~

directors by proxy solicitation, for which purpose, the listed companies shall:

(i) annex to the notice issued under ~~sub-section (4)~~ of section 159 of the Act, a statement by a candidate from among the minority shareholders who seeks to contest election to the Board, including a profile of the candidate(s);

(ii) provide information regarding members and shareholding structure to the candidate(s); and

(iii) on a request by the candidate(s) and at the cost of the company, annex to the notice issued under ~~sub-section (4)~~ of section 159 of the Act, an additional copy of proxy form duly filled in by such candidate(s).

6. Independent Director.- (1) ~~It is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors.~~

Explanation.—For the purposes of this sub-regulation, a listed company shall explain the reasons, in the compliance report, if any fraction contained in such one-third number which is not rounded up as one.

(2) For the purpose of electing independent director, the Board shall be reconstituted not later than expiry of its current term.

(3) ~~It is mandatory that~~ the independent director shall submit his consent to act as director, along with declaration to the company that he qualifies the criteria of independence notified under the Act ~~and~~ such declaration shall be submitted to chairman of the Board at first meeting ~~which is held after election of directors~~ as well as on an event of any change affecting his independence.

7. Female Director.- ~~Subject to section 154 of the Act, it is mandatory that~~ the Board shall have at least one female director when it is reconstituted after ~~the expiry of its current term.~~

8. Executive Director.- (1) ~~It is mandatory that~~ the executive directors, including the chief executive officer, shall not be more than one third of the Board.

(2) For the purpose of compliance with the requirement of the above sub-regulation (1), the Board shall be reconstituted not later than expiry of its current term.

Explanation I.—For the purposes of this regulation, a listed company shall explain the reasons, in compliance report, any fraction contained in such one-third number which is rounded up as one.

Explanation II.- Executive director means a director who devotes the whole or substantially the whole of his time (whether paid or not) to the operations of the company.

9. Chairman of the Board.- (1) The Chairman and the chief executive officer of a company, by whatever name called, shall not be the same person.

(2) The Chairman shall be elected subject to the terms and conditions and responsibilities provided under section 192 of the Act and these Regulations.

CHAPTER III

BOARD OF DIRECTORS, ITS MEMBERS AND MEETING OF BOARD

10. Responsibilities of the Board and its members.- (1) Subject to the requirements of section 183 and 204 of the Act, ~~the Board is responsible for adoption of corporate governance practices by the company and monitoring effectiveness of such practices and the members of the Board shall ensure high ethical standards in performing their responsibilities.~~

- (iii) adequate systems and controls are in place for identification and redressal of grievances arising from unethical practices;
- (iv) a system of sound internal control is established, which is effectively implemented and maintained at all levels within the company;
- (v) a formal and effective mechanism is put in place for an annual evaluation of the board's own performance, members of board and of its committees;

~~(vi) the decisions on the following material transactions or significant matters are documented by a resolution passed at a meeting of the board: a. investment and disinvestment of funds where the maturity period of such investments is six months or more, except in the case of banking companies, non-banking finance companies and insurance companies b. determination of the nature of loans and advances made by the company and fixing a monetary limit thereof, except for banking companies.~~

~~vii) the board of directors shall define the level of materiality, keeping in view the specific circumstances of the company and the recommendations of any technical or executive sub-committee of the board that may be set up for the purpose;~~

(4) The ~~board of directors shall maintain~~ a complete record of particulars of the significant policies along with their date of approval or updating. The significant policies may include but are not limited to the following:

- a) governance of risks and internal control measures;
- b) human resource management including preparation of a succession plan;
- c) permissible fee for non-executive directors including independent directors
- d) procurement of goods and services
- e) communication policy and investors'/shareholders' relations
- f) marketing
- g) determination of terms of credit and discount to customers
- h) write-off of bad/doubtful debts, advances and receivables
- i) sale and lease of assets, undertaking, capital expenditure, planning and control
- j) investments and disinvestment of funds
- k) debt coverage
- l) determination and delegation of financial powers
- m) transactions or contracts with associated companies and related parties
- n) environmental, social and governance (ESG) including health and safety aspects in business strategies that promote sustainability. ~~This includes but is not limited to~~ corporate social responsibility (CSR) initiatives and other philanthropic activities, donations / contributions to charities and other social causes; and
- o) whistle blowing policy, by establishing a mechanism to receive, handle complaints in a fair and transparent manner while providing protection to the complainant against victimization.

(5) The Chairman of the Board shall, at the beginning of term of each directors, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Act and company's Articles of Association, their remuneration and entitlement.

(6) All directors of a company shall attend its general meeting(s), (ordinary and extraordinary) unless precluded from doing so due to any reasonable cause.

(2) The Board is responsible for the governance of risk and for determining the company's level of risk tolerance by establishing risk management policies **and for this purpose the Board is encouraged to undertake** at least annually, an overall review of business risks to ensure that the management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the company and shareholders.

(3) The Board of the company shall ensure that,-

(i) a vision and/or mission statement **monitoring the effectiveness of the company's governance practices** and overall corporate strategy for the company is prepared, adopted and reviewed as and when deemed appropriate by the Board;

(ii) a formal code of conduct is in place that promotes ethical culture in the company and prevents conflict of interest in their capacity as member of the Board, senior management and other employees. The Board shall take appropriate steps to disseminate code of conduct throughout the company along with supporting policies and procedures;

(iii) adequate systems and controls are in place for identification and redressal of grievances arising from unethical practices;

(iv) a system of sound internal control is established, which is effectively implemented and maintained at all levels within the company; **and**

(v) a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.

(4) The Board shall ensure that complete record of particulars of the significant policies along with their dates of approval or updating is maintained **by the company**. The significant policies may include but not limited to the following,-

- (i) governance of risks and internal control measures;
- (ii) human resource management including preparation of a succession plan;
- (iii) permissible fee for non-executive directors including independent directors;
- (iv) procurement of goods and services;
- (v) communication policy and investors'/shareholders' relations;
- (vi) marketing;
- (vii) determination of terms of credit and discount to customers;
- (viii) write-off of bad/doubtful debts, advances and receivables;
- (ix) sale and lease of assets, undertaking, capital expenditure, planning and control;
- (x) investments and disinvestment of funds;
- (xi) debt coverage;
- (xii) determination and delegation of financial powers;
- (xiii) transactions or contracts with associated companies and related parties;
- (xiv) environmental, social and governance (ESG) **including but not limited to** health and safety aspects in business strategies that promote sustainability, corporate social responsibility initiatives and other philanthropic activities, donations, contributions to charities and other matters of social welfare; and
- (xv) whistle blowing policy, by establishing a mechanism to receive, handle complaints in a fair and transparent manner while providing protection to the complainant against victimization.

CHAPTER IV
Meeting of Board

11. Agenda and discussion in meetings.- The chairman shall set the agenda of the meeting of the board and ensure that reasonable time is available for discussion of the same.

All written notices and relevant material, including the agenda, of meetings shall be circulated at least seven days prior to the meetings, except in the case of emergency meetings, where the notice period may be reduced or waived.

12. Minutes of meeting;- The chairman shall ensure that the minutes of meetings of the **board of directors** are kept in accordance with the requirements of Section 178 and 179 of the Act.

The company secretary shall be secretary to the board.

Provided that where a director of a company is of the view that his dissenting note has not been satisfactorily recorded in the minutes of a meeting, the matter may be referred to the company secretary for appending such note to the minutes. ~~If~~ the company secretary fails to do so, the director may file an objection with the Commission in the form of a statement to that effect within 30 days of the date of confirmation of the minutes of the meeting.

13. Attendance at meeting.- The chief financial officer and company secretary of a company or in their absence, ~~the nominee, appointed by the board,~~ shall attend all meetings of the **board of directors**.

Provided that the chief financial officer and company secretary shall not attend such part of board meeting wherein agenda item relates to consideration of their performance or terms and conditions of their service or when, in the opinion of the board, their presence in the meeting on any agenda item is likely or may tend to impair the organizational discipline and harmony of the company.

CHAPTER V
ISSUES TO BE PLACED FOR DECISION OF BOARD OF DIRECTORS

14. Significant issues.- The chief executive officer of the company shall place significant issues for the information, consideration and decision, as the case may be, of the **board of directors** or its committees that include but are not limited to the following:

(i) As soon as chief executive officer foresees risk of default concerning obligations on any loans (including penalties and other dues to a creditor, bank or financial institution or default in payment of public deposit), TFCs, Sukuk or any other debt instrument, the same shall be brought to the attention of board;

(ii) annual business plan, cash flow projections, forecasts and strategic plan;

(iii) budgets including capital, manpower and overhead budgets, along with variance analysis;

(iv) matters recommended and/or reported by the audit committee and other committees of the board;

(v) quarterly operating results of the company as a whole and in terms of its operating divisions or business segments;

(vi) internal audit reports, including cases of fraud, bribery, corruption, or irregularities of material nature;

(vii) management letter issued by the external auditors;

(viii) details of joint venture or collaboration agreements or agreements with distributors, agents etc.;

(5) The Chairman of the Board shall, at the beginning of term of each director, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Act and the company's Articles of Association, their remuneration and entitlement.

(6) All directors of a company shall attend its general meeting(s), (ordinary and extra-ordinary unless precluded from doing so due to any reasonable cause.

11. Agenda and discussion in meetings.- (1) The Chairman shall set agenda of the meeting of the Board and ensure that reasonable time is available for discussion of the same.

(2) All written notices and relevant material, including the agenda of the meeting shall be circulated at least seven days prior to the meeting, except in the case of emergency meeting, where the notice period may be reduced or waived.

12. Minutes of meeting,- (1) The Chairman shall ensure that minutes of the meetings of the **Board** are kept in accordance with the requirements of section 178 and 179 of the Act.

(2) The company secretary shall be secretary to the Board.

(3) Where a director of a company is of the view that his dissenting note has not been satisfactorily recorded in the minutes of a meeting, the matter may be referred to the company secretary for appending such note to the minutes **and where** the company secretary fails to do so, the director may file an objection with the Commission in the form of a statement to that effect within 30 days of the date of confirmation of the minutes of the meeting.

13. Attendance at meeting.- The chief financial officer and company secretary or in their absence, the nominee appointed by the Board, shall attend all meetings of the **Board**:

Provided that the chief financial officer and company secretary shall not attend such part of the Board meeting wherein agenda item relates to consideration of their performance or terms and conditions of their service or when, in the opinion of the Board, their presence in the meeting on any agenda item is likely or may tend to impair the organizational discipline and harmony of the company.

CHAPTER IV
ISSUES TO BE PLACED FOR DECISION OF THE BOARD OF DIRECTORS

14. Significant issues.- The chief executive officer of the company shall place significant issues for the information, consideration and decision, as the case may be, of the **Board** or its committees that include but are not limited to the following:

(i) as soon as chief executive officer foresees risk of default concerning obligations on any loans (including penalties and other dues to a creditor, bank or financial institution or default in payment of public deposit), **Term Finance Certificates** (TFCs), Sukuk or any other debt instrument, the same shall be brought to the attention of the Board;

(ii) annual business plan, cash flow projections, forecasts and strategic plan;

(iii) budgets including capital, manpower and overhead budgets, along with variance analysis;

(iv) matters recommended and/or reported by the audit committee and other committees of the Board;

(v) quarterly operating results of the company as a whole and in terms of its operating divisions or business segments;

- (ix) promulgation of or amendment to a law, rule or regulation, applicability of financial reporting standard and such other matters as may affect the company and the status of compliance therewith;
- (x) status and implications of any law suit or proceedings (show cause notice, demand or prosecution notice) of material nature, filed by or against the company;
- (xi) failure to recover material amounts of loans, advances, and deposits made by the company, including trade debts and inter corporate finance;
- (xii) any significant accidents, fatalities, dangerous occurrences and instances of pollution and environmental problems involving the company;
- (xiii) significant public or product liability claims made or likely to be made against the company, including any adverse judgment or order made on the conduct of the company or of another company that may bear negatively on the company;
- (xiv) report on governance, risk management and compliance issues. Risks to be considered shall include reputational risk and shall address risk analysis, risk management and risk communication;
- (xv) disputes with labor and their proposed solutions, any agreement with the labor union or collective bargaining agent and any charter of demands on the company;
- (xvi) reports on /synopsis of issues and information pursued under the whistle blowing policy, clearly disclosing how such matters were dealt with and finally resolved or concluded;
- (xvii) implementation of environmental, social and governmental and health and safety business practices including report on corporate social responsibility activities and status of adoption/compliance of corporate social responsibility (Voluntary) Guidelines 2013 or any other regulatory framework as applicable;
- (xviii) payment for goodwill, brand equity or intellectual property;
- (xix) sale of assets, investments and interest in subsidiaries and undertakings, of material amount or significant nature, which is not in the ordinary course of business; and
- (xx) quarterly details of foreign exchange exposures and the safeguards taken by management against adverse exchange rate movement, if material.

15. Related party transactions.- (1) The details of all related party transactions shall be placed periodically before the Audit Committee of the company and upon recommendations of the audit committee the same shall be placed before the board for review and approval. Provided where majority of the directors are interested in such transactions, the matter shall be placed before the general meeting for approval.

~~(2) The related party transactions, not executed at arm's length price, shall also be placed separately at each board meeting along with necessary justification on recommendation of the Audit Committee of the company. The requirements of Section 208 of the Act shall be complied by the board for approval of such transactions.~~

~~16. Conflict of Interest. For the purpose of consideration and decision by the board of directors on any agenda item, or in respect of any other matter, if any director has a conflict of interest therein in terms of the Act, then in addition to the provisions of section 207 of the Act and notwithstanding anything contained in the articles of association of a company, the directors shall ensure that the quorum of the meeting of the board shall not be deemed to be present unless at least two independent directors are also present at such meeting in~~

- (vi) internal audit reports, including cases of fraud, bribery, corruption, or irregularities of material nature;
- (vii) management letter issued by the external auditors;
- (viii) details of joint venture or collaboration agreements or agreements with distributors, agents etc.;
- (ix) promulgation of or amendment to a law, rule or regulation, applicability of financial reporting standard and such other matters as may affect the company and the status of compliance therewith;
- (x) status and implications of any law suit or proceedings (show cause notice, demand or prosecution notice) of material nature, filed by or against the company;
- (xi) failure to recover material amounts of loans, advances, and deposits made by the company, including trade debts and inter corporate finance;
- (xii) any significant accidents, fatalities, dangerous occurrences and instances of pollution and environmental problems involving the company;
- (xiii) significant public or product liability claims made or likely to be made against the company, including any adverse judgment or order made on the conduct of the company or of another company that may bear negatively on the company;
- (xiv) report on governance, risk management and compliance issues. Risks to be considered shall include reputational risk and shall address risk analysis, risk management and risk communication;
- (xv) disputes with labor and their proposed solutions, any agreement with the labor union or collective bargaining agent and any charter of demands on the company;
- (xvi) reports on /synopsis of issues and information pursued under the whistle blowing policy, clearly disclosing how such matters were dealt with and finally resolved or concluded;
- (xvii) implementation of environmental, social & **governance**; and health & safety business practices including report on corporate social responsibility activities and status of adoption/compliance of the Corporate Social Responsibility (Voluntary) Guidelines, 2013 or any other regulatory framework as applicable;
- (xviii) payment for goodwill, brand equity or intellectual property;
- (xix) sale of assets, investments and interest in subsidiaries and undertakings, of material amount or significant nature, which is not in the ordinary course of business; and
- (xx) quarterly details of foreign exchange exposures and the safeguards taken by management against adverse exchange rate movement, if material.

15. Related party transactions.- The details of all related party transactions shall be placed periodically before the audit committee of the company and upon recommendations of the audit committee, the same shall be placed before the Board for review and approval: Provided where majority of the directors are interested in such transactions, the matter shall be placed before the general meeting for approval.

CHAPTER V REMUNERATION OF DIRECTORS

16. Formal Policy.- The Board shall have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the Board and its committees.

person or through video link when such matter comes up for the first time for consideration of the board.

CHAPTER VI

Remuneration of Directors

17. Formal Policy.- The board of directors shall have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the board and its committees.

18. Determination of remuneration.- (1) No director shall determine his own remuneration. Levels of remuneration shall be appropriate and commensurate with the level of responsibility and expertise, to attract and retain directors needed to govern the company successfully and to encourage value addition. However, it shall not be at a level that could be perceived to compromise their independence. (2) The process adopted for determination of director's remuneration shall comply with the provisions of the Act and the Company's articles of association: ~~Provided that if the company's articles of association authorizes the board to determine director's remuneration, an independent consultant may be engaged to recommend an appropriate level of remuneration for consideration and approval of the board.~~

CHAPTER VII

Directors' Training Program

19. Directors' Orientation Program.- All companies shall make appropriate arrangements to carry out orientation courses for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.

20. Directors' Training.- (1) It ~~shall be mandatory for all companies to ensure that:~~

- by June 30, 2019, at least half of the directors on their boards;
- by June 30, 2020 at least 75% of the directors on their boards; and
- by June 30, 2021 all the directors on their boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.

(2) A newly appointed director on the board shall acquire, ~~unless exempted or already in possession of the required certification,~~ the directors training program certification within a period of one year from the date of appointment as a director on the board: Provided that director having a minimum of 14 years of education and 15 years of experience on the board of a listed company, local and/or foreign, shall be exempt from the directors training program. ~~The Commission shall grant exemption to such directors keeping in view the relevancy of qualification and experience of directors.~~

(3) ~~It shall be mandatory for every company~~ to arrange training for:

- at least one female executive every year under the Directors' Training program from ~~the year starting June 30, 2019~~
- at least one head of department every year under the Directors' Training program from the year starting June 30, 2021.

CHAPTER VIII

CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND HEAD OF INTERNAL AUDIT

21. Approval.- The ~~board of directors~~ shall ~~determine appointment, remuneration,~~ terms and conditions of employment of chief financial officer, company secretary and head of internal audit of companies.

17. Determination of remuneration.- (1) No director shall determine his own remuneration and levels of remuneration shall be appropriate and commensurate with the level of responsibility and expertise, to attract and retain directors needed to govern affairs of the company successfully and to encourage value addition provided that it shall not be at a level that could be perceived to compromise their independence.

(2) The process adopted for determination of director's remuneration shall comply with the provisions of the Act and the company's articles of association.

CHAPTER VI

DIRECTORS' TRAINING PROGRAM

18. Directors' Orientation Program.- All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.

19. Directors' Training.- (1) It is encouraged that:

- by June 30, 2020 at least half of the directors on their Boards;
- by June 30, 2021 at least 75% of the directors on their Boards; and
- by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.

(2) A newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board:

Provided that director having a minimum of 14 years of education and 15 years of experience on the Board of a listed company, local and/or foreign, shall be exempt from the directors training program.

(3) Companies are also encouraged to arrange training for:

- at least one female executive every year under the Directors' Training program from year July 2020; and
- at least one head of department every year under the Directors' Training program from July 2022.

CHAPTER VII

CHIEF FINANCIAL OFFICER, COMPANY SECRETARY AND HEAD OF INTERNAL AUDIT

20. Approval.- The Board shall appoint, determine remuneration, ~~renew contracts and~~ terms and conditions of employment of chief financial officer, company secretary and head of internal audit of the company.

21. Removal.- The removal of the chief financial officer, company secretary and head of internal audit of a company shall be made with the approval of the Board: Provided that the head of internal audit may be removed only upon recommendation of the audit committee.

22. Qualification of chief financial officer.- No person shall be appointed as the chief financial officer of a company unless,-

- he/ she has at least three years of managerial experience in the fields of audit or accounting or in managing financial or corporate affairs functions of a company and is a member of the Institute of Chartered Accountants of Pakistan or Institute of Cost and Management

22. Removal.- The removal of the chief financial officer, company secretary and head of internal audit of a company shall be made with the approval of the board of directors:

Provided that the head of internal audit may be removed upon recommendation of the audit committee.

~~Explanation: For this purpose, the term “removal” shall include non-renewal of contract.~~

23. Qualification of chief financial officer.- No person shall be appointed as the chief financial officer of a company unless:

a) he/ she has at least three years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and is a member of the Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan; or

b) he/ she has at least five years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and is either a member of professional body of accountants whose qualification is recognized as equivalent to post graduate degree by HEC or has a postgraduate degree in finance from a university in Pakistan or equivalent recognized and approved by the Higher Education Commission of Pakistan (HEC).

c) he/ she has at least seven years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and has a suitable degree from a university in Pakistan or abroad equivalent to graduate degree, recognized and approved by the Higher Education Commission of Pakistan (HEC). ~~The Commission, on application from the company, shall determine the suitability of such candidate.~~

24. Qualification of Internal Auditor.- No person shall be appointed as the head of internal audit unless:

a) he/she has three years of relevant experience in audit or finance or compliance function and is a member of the Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan; or

b) he/she has five years of relevant experience in audit or finance or compliance function and:

i. is a Certified Internal Auditor; or

ii. is a Certified Fraud Examiner; or

iii. is a Certified Internal Control Auditor; or

iv. has a post graduate degree in business, finance from a university or equivalent recognized and approved by the Higher Education Commission of Pakistan (HEC) and is a member of a professional body relevant to such qualification, if applicable.

c) he/ she has at least seven years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and has a suitable degree from a university in Pakistan or abroad equivalent to graduate degree, recognized and approved by the Higher Education Commission of Pakistan (HEC). ~~The Commission, on application from the company, shall determine the suitability of such candidate.~~

Explanation: the expression, “body of professional accountants” means

a) established in Pakistan, governed under a special enactment of the Federal Government as a self-regulatory organization managed by a representative National Council, and has a prescribed minimum criterion of examination and entitlement of membership of such body

b) established outside Pakistan and established under a special enactment in the country of its origin and which is a member of the International Federation of Accountants (IFAC).

Accountants of Pakistan; or

(ii) he/ she has at least five years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and is either a member of professional body of accountants whose qualification is recognized as equivalent to post graduate degree by Higher Education Commission of Pakistan or has a postgraduate degree in finance from a university in Pakistan or equivalent recognized and approved by the Higher Education Commission of Pakistan; or

(iii) he/ she has at least seven years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and has a suitable degree from a university in Pakistan or abroad equivalent to graduate degree, recognized and approved by the Higher Education Commission of Pakistan:

Provided that existing chief financial officer of a listed company having at least fifteen years of experience on the same position in a listed company shall be exempted from qualification criteria given above.

23. Qualification of internal auditor.- No person shall be appointed as the head of internal audit unless:

(i) he/she has three years of relevant experience in audit or finance or compliance function and is a member of the Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan; or

(ii) he/she has five years of relevant experience in audit or finance or compliance function and:

(a) is a Certified Internal Auditor; or

(b) is a Certified Fraud Examiner; or

(c) is a Certified Internal Control Auditor; or

(d) has a post graduate degree in business, finance from a university or equivalent recognized and approved by the Higher Education Commission of Pakistan and is a member of a professional body relevant to such qualification, if applicable;

(iii) he/ she has at least seven years of managerial experience in fields of audit or accounting or in managing financial or corporate affairs functions of a company and has a suitable degree from a university in Pakistan or abroad equivalent to graduate degree, recognized and approved by the Higher Education Commission of Pakistan.

Explanation: the expression, “body of professional accountants” means **body of professional accountants,-**

(i) established in Pakistan, governed under a special enactment of the Federal Government as a self-regulatory organization managed by a representative National Council, and has a prescribed minimum criterion of examination and entitlement of membership of such body; or

(ii) established outside Pakistan under a special enactment in the country of its origin and is a member of the International Federation of Accountants (IFAC):

Provided that existing head of internal audit of a listed company having at least fifteen years of experience on the same position in a listed company shall be exempted from qualification criteria given above.

24. Qualification of company secretary.- No person shall be appointed as the company secretary unless he holds the qualification as specified under the relevant Regulations by the Commission: **Provided, the same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.**

25. Qualification of Company Secretary.- No person shall be appointed as the Company Secretary unless he holds the qualification as specified under the relevant Regulations by the Commission.

CHAPTER IX

Responsibility for Financial Reporting and Corporate Compliance

26. Financial statement endorsed by chief financial officer and chief executive officer.- The chief executive officer and the chief financial officer shall duly endorse the quarterly, half-yearly and annual financial statements under their respective signatures prior to placing and circulating the same for consideration and approval of the board of directors.

27. External Auditor.- Chief executive officer and chief financial officer shall have the annual and interim financial statement (both separate and consolidated where applicable) initiated by the external auditors before presenting it to the audit committee and the board of directors for approval.

CHAPTER X Committees of Board

28. Audit Committee.- (1) **Composition:** The audit committee shall be constituted by board ~~of directors~~ keeping in view the following requirements:

a) The board ~~of directors of every company~~ shall establish an audit committee of at least of three members comprising of non-executive directors and at least one independent director.

b) Chairman of the committee shall be an independent director, who shall not be the chairman of the board.

c) The board shall satisfy itself such that at least one member of the audit committee qualifies as "financially literate".

Explanation: Expression "financially literate" ~~shall~~ mean a person who is a member of a recognized body of professional accountants or has a post graduate degree in finance from a university or equivalent institution, either in Pakistan or abroad recognized by the Higher Education Commission of Pakistan.

d) The Audit Committee of a company shall appoint a secretary of the committee who shall either be the company secretary or head of internal audit.

(2) **Meeting:** The meeting of the audit committee shall be held as per the following requirements:

a) The audit committee of a company shall meet at least once every quarter of the financial year. These meetings shall be held prior to the approval of interim results of the company by its ~~board of directors~~ and after completion of external audit.

b) A meeting of the audit committee shall also be held, if requested by the external auditors or the head of internal audit.

c) The head of internal audit and external auditors represented by engagement partner or in his absence any other partner designated by the audit firm shall attend meetings of the audit committee at which issues, if any, relating to accounts and audit are discussed.

Provided that chief executive officer and the chief financial officer shall not attend any meeting of the audit committee except by invitation only. Provided further that at least once a year, the audit committee shall meet the external auditors without the chief financial officer and the head of internal audit being present.

Provided ~~further~~ that at least once a year, the audit committee shall meet the head of internal audit and other members of the internal

CHAPTER VIII

RESPONSIBILITY FOR FINANCIAL REPORTING AND CORPORATE COMPLIANCE

25. Financial statement endorsed by chief financial officer and chief executive officer.- The chief executive officer and the chief financial officer shall duly endorse the quarterly, half-yearly and annual financial statements under their respective signatures prior to placing and circulating the same for consideration and approval of the Board.

26. External Auditor.- Chief executive officer and chief financial officer shall have the annual and interim financial statement, both standalone and consolidated where applicable, initiated by the external auditors before presenting it to the audit committee and the Board for approval.

CHAPTER IX COMMITTEES OF THE BOARD

27. Audit Committee.- (1) **It is mandatory that** the audit committee shall be constituted by the Board keeping in view the following requirements,-

(i) the Board shall establish an audit committee of at least three members comprising of non-executive directors and at least one independent director;

(ii) chairman of the committee shall be an independent director, who shall not be the chairman of the Board;

(iii) the Board shall satisfy itself that at least one member of the audit committee shall be "financially literate";

Explanation:- for the purposes of this clause the expression, "financially literate" means a person who,-

(a) is a member of a recognized body of professional accountants; or
(b) has a post graduate degree in finance from a university or equivalent institution, either in Pakistan or abroad, recognized by the Higher Education Commission of Pakistan; or

(c) **has at least ten (10) years of experience as audit committee member;**

or
(d) **at least twenty (20) years of senior management experience in overseeing of financial, audit related matters.**

(iv) the Audit Committee of a company shall appoint a secretary of the committee who shall either be the company secretary or head of internal audit.

(2) **It is mandatory that** meetings of the audit committee shall be held as per the following requirements,-

(i) the audit committee of a company shall meet at least once every quarter of the financial year. These meetings shall be held prior to the approval of interim results of the company by its Board and after completion of external audit;

(ii) a meeting of the audit committee shall also be held, if requested by the external auditors, head of internal audit **or by chairman of the audit committee;**

(iii) the head of internal audit and external auditors represented by engagement partner or in his absence any other partner designated by the audit firm shall attend meetings of the audit committee at which issues, if any, relating to accounts and audit are discussed:

Provided that chief executive officer and the chief financial officer shall not **be members of the audit committee but should be available to attend its meetings at the invitation of the chairman of audit committee:** Provided further that at least once a year, the audit committee shall meet the external auditors without the chief financial officer and the head of internal audit being present:

audit function without the chief financial officer and the external auditors being present.

(3) **Terms of Reference:** The ~~board of directors~~ of every company shall determine the terms of reference of the audit committee.

The ~~board of directors~~ shall provide adequate resources and authority to enable the audit committee to carry out its responsibilities effectively. The terms of reference of the audit committee shall be explicitly documented and shall also include the following:

- a) determination of appropriate measures to safeguard the company's assets;
- b) review of annual and interim financial statements of the company, prior to their approval by the ~~Board of Directors~~, focusing on:
 - (i) major judgmental areas;
 - (ii) significant adjustments resulting from the audit;
 - (iii) going concern assumption;
 - (iv) any changes in accounting policies and practices;
 - (v) compliance with applicable accounting standards;
 - (vi) compliance with these regulations and other statutory and regulatory requirements; and
 - (vii) all related party transactions.
- c) review of preliminary announcements of results prior to external communication and publication;
- d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e) review of management letter issued by external auditors and management's response thereto;
- f) ensuring coordination between the internal and external auditors of the company;
- g) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j) review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- k) instituting special projects, value for money studies or other investigations on any matter specified by the ~~board of directors~~, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- l) determination of compliance with relevant statutory requirements;
- m) monitoring compliance with these regulations and identification of significant violations thereof;
- n) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- o) recommend to the ~~board of directors~~ the appointment of external auditors, their removal, audit fees, the provision of any service

Provided **also** that at least once a year, the audit committee shall meet the head of internal audit and other members of the internal audit function without the chief financial officer and the external auditors being present.

(3) **It is mandatory that the Board** of every company shall determine the terms of reference of the audit committee.

(4) **It is mandatory that the Board** shall provide adequate resources and authority to enable the audit committee to carry out its responsibilities effectively and the terms of reference of the audit committee shall be explicitly documented which shall also include the following,-

- (i) determination of appropriate measures to safeguard the company's assets;
- (ii) review of annual and interim financial statements of the company, prior to their approval by the **Board**, focusing on,-
 - (a) major judgmental areas;
 - (b) significant adjustments resulting from the audit;
 - (c) going concern assumption;
 - (d) any changes in accounting policies and practices;
 - (e) compliance with applicable accounting standards;
 - (f) compliance with these Regulations and other statutory and regulatory requirements; and
 - (g) all related party transactions;
- (iii) review of preliminary announcements of results prior to external communication and publication;
- (iv) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- (v) review of management letter issued by external auditors and management's response thereto;
- (vi) ensuring coordination between the internal and external auditors of the company;
- (vii) review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- (viii) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (ix) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- (x) review of the company's statement on internal control systems prior to endorsement by the Board and internal audit reports;
- (xi) instituting special projects, value for money studies or other investigations on any matter specified by the **Board**, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
- (xii) determination of compliance with relevant statutory requirements;
- (xiii) monitoring compliance with these Regulations and identification of significant violations thereof;
- (xiv) review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend

permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The ~~board of directors~~ shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.

p) consideration of any other issue or matter as may be assigned by the board of directors.

(4) Reporting Procedure: The secretary of audit committee shall circulate minutes of meetings of the audit committee to all members, directors, head of internal audit and where required to chief financial officer prior to the next meeting of the board. Where this is not practicable, the chairman of the Audit Committee shall communicate a synopsis of the proceedings to the board and the minutes shall be circulated ~~immediately after the meeting of the board.~~

29. Human Resource and Remuneration Committee:

(1) Composition: There shall be a human resource and remuneration committee of at least of three members comprising a majority of non-executive directors of whom at least one member shall be an independent director.

The chairman of the committee shall be an independent director. The chief executive officer may be included as a member of the committee.

(2) Meeting: The committee shall meet at least once in a financial year and may meet more often if requested by a member of the board, or committee itself or the chief executive officer. The head of human resource or any other person appointed by the ~~board of directors~~ may act as the secretary of the committee.

The chief executive officer (if not a member of the committee), head of human resource (if not the secretary to committee) or any other advisor or person may attend the meeting only by invitation.

A member of committee shall not participate in the proceedings of the committee when an agenda item relating to his performance or review or renewal of the terms and conditions of his service comes up for consideration.

(3) Terms of Reference: The Terms of reference of committee shall be determined by the ~~board of directors~~ which may include the following:

- i. recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
- ii. undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- iii. recommending human resource management policies to the board;
- iv. recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- v. consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- vi. where human resource and remuneration consultants are appointed, ~~their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.~~

instituting remedial and mitigating measures;

(xv) Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, **measures for redressal and rectification of non-compliances with the Regulations.** The Board shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;

(xvi) consideration of any other issue or matter as may be assigned by the Board;

(5) It is mandatory that the secretary of audit committee shall circulate minutes of meetings of the audit committee to all members, directors, head of internal audit and where required to chief financial officer prior to the next meeting of the Board:

Provided that where this is not practicable, the chairman of the audit committee shall communicate a synopsis of the proceedings to the Board and the minutes shall be circulated **along with the minutes of the meeting of the Board.**

28. Human Resource and Remuneration Committee.-

(1) There shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director.

(2) The chairman of the committee shall be an independent director and the chief executive officer may be included as a member of the committee.

(3) The committee shall meet at least once in a financial year and may meet more often if requested by a member of the Board, or committee itself or the chief executive officer and the head of human resource or any other person appointed by the Board may act as the secretary of the committee.

(4) The chief executive officer (if not a member of the committee), head of human resource (if not the secretary to committee) or any other advisor or person may attend the meeting only by invitation.

(5) A member of the committee shall not participate in the proceedings of the committee when an agenda item relating to his performance or review or renewal of the terms and conditions of his service comes up for consideration.

(6) The terms of reference of committee shall be determined by the Board which may include the following,-

(i) recommendation to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the chief executive officer level;

(ii) undertaking, annually, a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing **there in** name and qualifications **of such consultant** and major terms of **his / its** appointment;

(iii) recommending human resource management policies to the Board;

(iv) recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of chief

30. Nomination Committee: The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.

The nomination committee shall be responsible for considering and making recommendations to the Board in respect of the Board committees and the chairmanship of the Board committees. ~~It is also responsible for~~ keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

The terms of reference of nomination committee shall be determined by the board ~~of directors~~ ensuring there is no duplication or conflict with matters stipulated under terms of reference of HR&R committee.

31. Risk Management Committee: The board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.

The terms of reference of the committee may include the following:

- a) Monitoring and review of all material controls (financial, operational, compliance);
- b) Risk mitigation measures are robust and integrity of financial information is ensured; and
- c) Appropriate extent of disclosure of company's risk framework and internal control system in Directors report.

CHAPTER XI INTERNAL AUDIT

32. (1) Composition: (a) There shall be an internal audit function in every company.

The head of internal audit shall functionally report to the audit committee and administratively to the chief executive officer and his performance appraisal shall be done jointly by the Chairman of the audit committee and the chief executive officer.

~~(b) A director cannot be appointed, in any capacity, in the internal audit function to ensure independence of the internal audit function.~~

(c) The board shall ensure that the internal audit team comprises of experts of relevant disciplines in order to cover all major heads of accounts maintained by the company.

(2) ~~Functional profile:~~ (a) The company shall ensure that head of internal audit is suitably qualified, experienced and conversant with the company's policies and procedures.

(b) The internal audit function, wholly or partially, may be outsourced by the company to a professional services firm or be performed by the internal audit staff of holding company. In lieu of outsourcing, the company shall appoint or designate a fulltime employee other than chief financial officer, as head of internal audit holding equivalent qualification prescribed under these Regulations, to act as coordinator between firm providing internal audit services and the board. Provided that while outsourcing the function, the company shall not appoint its existing external auditors as internal auditors.

(c) All companies shall ensure that internal audit reports are provided for the review of external auditors.

The auditors shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the ~~board of directors.~~

operating officer, chief financial officer, company secretary and head of internal audit;

(v) consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and

(vi) where human resource and remuneration consultants are appointed, **they shall disclose to the committee their credentials and as to whether they have any other connection with the company.**

29. Nomination Committee.- (1) The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.

(2) The nomination committee shall be responsible for,-

(i) considering and making recommendations to the Board in respect of the Board's committees and the chairmanship of the Board's committees; and

(ii) keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.

(3) The terms of reference of nomination committee shall be determined by the Board ensuring there is no duplication or conflict with matters stipulated under terms of reference of Human Resource and Remuneration (HR&R) Committee.

30. Risk Management Committee.- (1) The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.

(2) The terms of reference of the committee may include the following,-

(i) monitoring and review of all material controls (financial, operational, compliance);

(ii) risk mitigation measures are robust and integrity of financial information is ensured; and

(iii) appropriate extent of disclosure of company's risk framework and internal control system in Directors report.

CHAPTER X INTERNAL AUDIT

31. Composition of internal audit function.- (1) There shall be an internal audit function in every company.

(2) The head of internal audit shall functionally report to the audit committee and administratively to the chief executive officer and his performance appraisal shall be done jointly by the Chairman of the audit committee and the chief executive officer.

(3) **No director on the Board, shall be appointed, in any capacity, in the internal audit function of the company.**

(4) The Board shall ensure that the internal audit team comprises of experts of relevant disciplines in order to cover all major heads of accounts maintained by the company.

(5) The company shall ensure that head of internal audit is suitably qualified, experienced and conversant with the company's policies and procedures.

(6) The internal audit function, wholly or partially, may be outsourced by the company to a professional services firm or be performed by

CHAPTER XII

External Audit

33. Terms of Appointment.- (1) No company shall appoint as external auditors, a firm of auditors, which has not been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan.

(2) No company shall appoint as external auditors, a firm of auditors which or a partner of which is non-compliant with the International Federation of Accountants' Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.

(3) The Board of Directors of a company shall recommend appointment of external auditors for a year and his remuneration, as suggested by the audit committee. ~~The recommendations of the audit committee for appointment of an auditor or otherwise~~ shall be included in the Directors' Report. In case of a recommendation for appointment of an auditor other than the retiring auditor, the reasons for the same shall be included in the Directors' Report.

(4) No company shall appoint its auditors to provide services in addition to audit except in accordance with these regulations and shall require the auditors to observe applicable International Federation of Accountants guidelines in this regard.

The company shall ensure that the auditors do not perform management functions or make management decisions, responsibility for which remains with the board of directors and management of the company.

(5) No company shall appoint a person as an ~~external auditor or~~ a person involved in the audit of a company who is a close relative (spouse, parents, dependents and nondependent children) of the chief executive officer, the chief financial officer, the head of internal audit, the company secretary or a director of the company.

(6) Every company ~~shall require~~ external auditors to furnish a management letter to its board of directors within 45 days of the date of audit report.

Provided that any matter deemed significant by the external auditor shall be communicated in writing to the ~~board of directors~~ prior to the approval of the audited accounts by the ~~board of directors~~.

34. Rotation of auditors.- (1) All listed companies in the financial sector shall change their external auditors every five years. Provided ~~further~~ that all inter related companies/ institutions, engaged in business of providing financial services shall appoint the same firm of auditors to conduct the audit of their accounts.

Explanation: Financial sector, for this purpose, means banks, non-banking financial companies (NBFC's), modarabas and insurance/takaful companies.

(2) All listed companies other than those in the financial sector shall, at the minimum, rotate the engagement partner after every five years.

CHAPTER XIII

Reporting & Disclosure

35. Directors' report.- The quarterly ~~unaudited~~ financial statements of companies shall be published and circulated along with directors' review on the affairs of the company.

~~36. Composition of Board.-~~

~~The board shall state in the Directors' Report the following:~~

Total number of Directors:

- (a) Male:
- (b) Female:

the internal audit staff of holding company and in lieu of outsourcing, the company shall appoint or designate a fulltime employee other than chief financial officer, as head of internal audit holding equivalent qualification prescribed under these Regulations, to act as coordinator between firm providing internal audit services and the Board: Provided that while outsourcing the function, the company shall not appoint its existing external auditors **or any of its associated company or associated undertaking**, as internal auditors.

(7) All companies shall ensure that internal audit reports are provided for the review of external auditors.

(8) The auditors shall discuss any major findings in relation to the reports with the audit committee, which shall report matters of significance to the Board.

CHAPTER XI

EXTERNAL AUDIT

32. Terms of appointment of external auditor.- (1) **It is mandatory that** no company shall appoint an external auditors, a firm of auditors, which has not been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan **under section 36I of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).**

(2) **It is mandatory that** no company shall appoint as external auditors, a firm of auditors which **or a partner of which** is non-compliant with the International Federation of Accountants' Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.

(3) **It is mandatory that** the Board of a company shall recommend appointment of external auditors for a year and its remuneration, as suggested by the audit committee **and such** recommendations shall be included in the Directors' Report **and** in case a recommendation for appointment of an auditor is other than the retiring auditor, the reasons for the same shall be included in the Directors' Report.

(4) **It is mandatory that** no company shall appoint its **external** auditors to provide services in addition to audit except in accordance with these Regulations and shall require the auditors to observe applicable International Federation of Accountants guidelines in this regard.

(5) **It is mandatory that** the company shall ensure that the auditors do not perform management functions or make management decisions, responsibility for which remains with the **Board** and management of the company.

(6) **It is mandatory that** no company shall appoint a person as an external auditor or a person involved in the audit of a company who is a close relative (spouse, parents, dependents and non-dependent children) of the chief executive officer, the chief financial officer, the head of internal audit, the company secretary or a director of the company.

(7) **It is mandatory that** every company requires the external auditors to furnish a management letter to its **Board** within 45 days of the date of audit report:

Provided that any matter deemed significant by the external auditor shall be communicated in writing to the **Board** prior to the approval of the audited accounts by the **Board**.

33. Rotation of auditors.- (1) **It is mandatory that** all listed companies in the financial sector shall change their external auditors every five years:

Composition:

- (i) Independent Directors
- (ii) ~~Other~~ Nonexecutive Directors
- (iii) Executive Directors

~~37. Committees of the Board.~~ The names of Members of board committees shall be disclosed in each Directors' Report of the company.

38. Director's remuneration.- (1) The Directors in their report to members shall state the remuneration policy of non-executive directors including independent directors, as approved by the board of directors. ~~This includes~~ disclosing the significant features and elements thereof. Companies are also encouraged to post on the ~~company's web site the key elements of the directors' remuneration policy.~~

(2) The company's Annual Report shall contain details of aggregate amount of remuneration separately of executive and non-executive directors, including salary/fee, perquisites, benefits and performance-linked incentives etc.

39. Disclosure of significant policies on website.- Company may post the key elements of its significant policies on its website.

40. Compliance Statement and Auditor Review.- (1) All companies shall publish and circulate a statement, as given under annexure A, along with their annual reports to set out the status of their compliance with the requirements of Regulations. The statement shall be specific ~~and deemed to be~~ supported by the necessary ~~evidence held by the company making the said statement.~~

(2) All companies shall ensure that the statement of compliance is reviewed and certified by statutory auditors as per relevant Regulations specified by Commission.

Statutory auditors of company shall ~~ensure that~~ any non-compliance with these Regulations ~~is highlighted~~ in their review report.

CHAPTER XIV

Compliance with Regulations

~~41. Penalty for contravention of Regulations:~~ Whoever fails or refused to comply with, or contravenes ~~any requirements of the Regulations, knowingly or willfully authorizes or permits such failure, refusal or contravention, in addition to any other liability under the Act,~~ be punishable with penalty ~~and in case of continuing failure, to a further penalty~~ as provided under sub-section (2) of section 512 of the Act.

42. Relaxation from requirements of Regulations.-Where the Commission is satisfied that it is not practicable to comply with any of the requirements of the Regulations, it may, for reasons to be recorded, on the application of the company along with prescribed fee, relax the same subject to such conditions as it may deem fit.

Annexure A

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of company

Year ending.....

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are ____ as per the following:
 - a. Male:
 - b. Female:
2. The composition of board is as follows:
 - a) Independent Directors

Provided that all inter related companies/ institutions, engaged in business of providing financial services shall appoint the same firm of auditors to conduct the audit of their accounts.

Explanation:- Financial sector, for this purpose, means banks, non-banking financial companies (NBFCs), modarabas and insurance or takaful insurance companies.

(2) **It is mandatory that** all listed companies other than those in the financial sector shall, at the minimum, rotate the engagement partner after every five years:

Provided that in case the audit firm is a sole proprietorship then after completion of five years such audit firm shall be changed.

CHAPTER XII

REPORTING AND DISCLOSURE

34. Directors' Report.- (1) The quarterly financial statements of companies shall be published and circulated along with directors' review on the affairs of the company.

(2) The Directors' Report shall include the following,-

- (i) total number of directors including the following,-
 - (a) Male; and
 - (b) Female;

(ii) composition **including the following,-**

- (a) Independent directors;
- (b) Non-executive directors;
- (c) Executive directors; and
- (d) **Female director.**

(iii) The names of members of the Board's committees.

(iv) The directors in their report to members shall state the remuneration policy of non-executive directors including independent directors, as approved by the Board, which shall also include disclosing the significant features and elements thereof.

(3) The company's Annual Report shall contain details of aggregate amount of remuneration separately of executive and non-executive directors, including salary/fee, perquisites, benefits and performance-linked incentives etc. **Companies are encouraged to provide aforesaid details of remuneration of individual directors in annual report.**

35. Disclosure of significant policies on website.- The company may post the following on its website:

(1) key elements of its significant policies including but not limited to the following:

- (i) **communication and disclosure policy;**
- (ii) **code of conduct for members of board of directors, senior management and other employees;**
- (iii) **risk management policy;**
- (iv) **internal control policy;**
- (v) **whistle blowing policy;**
- (vi) **corporate social responsibility/sustainability/ environmental, social and governance related policy.**

(2) **brief synopsis of terms of reference of the Board's committees including:**

- (i) **Audit Committee**
- (ii) **HR and Remuneration Committee**
- (iii) **Nomination Committee**
- (iv) **Risk Management Committee**

- b) ~~Other~~ Non-executive Director
c) Executive Directors

3. The directors have confirmed that none of them is serving as a director on more than ~~five~~ listed companies, including this company ~~(excluding the listed subsidiaries of listed holding companies where applicable).~~

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. ~~A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.~~

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The ~~board of directors~~ have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:
(Name of Director)
(Name of Executive & Designation (if applicable))

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

- a) Audit Committee (Name of members and Chairman)
b) HR and Remuneration Committee (Name of members and Chairman)
c) Nomination Committee (if applicable) (Name of members and Chairman)
d) Risk Management Committee (if applicable) (Name of members and Chairman)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

- a) Audit Committee
b) HR and Remuneration Committee
c) Nomination Committee (if applicable)
d) Risk Management Committee (if applicable)

15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

(3) key elements of the directors' remuneration policy.

36. Compliance Statement and Auditor Review.- (1) It is mandatory that the company shall publish and circulate a statement, as given under Annexure A to these Regulations, along with their annual reports to set out the status of their compliance with the requirements of these Regulations and the said statement shall be specific and supported by necessary explanations.

(2) It is mandatory that the company shall ensure that the statement of compliance is reviewed and certified by statutory auditors as per relevant Regulations specified by Commission.

(3) It is mandatory that the statutory auditors of company shall highlight any non-compliance with these Regulations in their review report.

CHAPTER XIII MISCELLANEOUS

37. Penalty.- Whoever fails or refused to comply with, or contravenes regulation 3, 6, 7, 8, 27, 32, 33 and 36 of these Regulations, shall be punishable with penalty as provided under sub-section (2) of section 512 of the Act.

38. Relaxation from requirements of Regulations.- Where the Commission is satisfied that it is not practicable to comply with any of the mandatory requirements of the regulation 3, 6, 7, 8, 27, 32, 33 and 36 of these Regulations, it may, for reasons to be recorded in writing, on the application by the company, extend the time for compliance of the same subject to such conditions as it may deem fit.

39. Repeal and Savings.- (1) The Listed Companies (Code of Corporate Governance) Regulations, 2017, hereinafter called as repealed regulations, shall stand repealed:

Provided that repeal of the repealed regulations shall not-

- (a) revive anything not in force at the time at which the repeal take effect; or
(b) affect the previous operation of the repealed regulations or anything duly done or suffered thereunder; or
(c) affect any right, privilege, obligation or liability acquired, accrued or incurred under or in respect of the said repealed regulations; or
(d) affect any penalty imposed, forfeiture made or punishment incurred in respect of any offence committed against or in violation of the repealed regulations; or
(e) affect any inspection, investigation, prosecution, legal proceeding or remedy in respect of any obligation, liability, penalty, forfeiture or punishment as aforesaid, and any such inspection, investigation, prosecution, legal proceedings or remedy may be made, continued or enforced and any such penalty, forfeiture or punishment may be imposed, as if these Regulations has not been notified.

(2) Save as otherwise specifically provided, nothing in these Regulations shall affect or deemed to effect any action taken, orders issued, application received, relaxation granted unless withdrawn, fee paid or accrued, resolution passed, direction given under the repealed regulations shall, if in force at the effective date of these Regulations and not inconsistent with provision of these Regulations, shall continue to be in force and have effect as if it were respectively taken, made, directed, received, passed, given, executed or issued under these Regulations.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they ~~or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.~~

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with. _____

Signature (s)
(Name in block letters)
Chairman

Annexure A

[see regulation 36(1)]

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company

Year ending.....

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are ____ as per the following,-
a. Male:
b. Female:

2. The composition of the Board is as follows:

i. Independent directors

ii. Non-executive directors

iii. Executive directors

iv. Female directors

3. The directors have confirmed that none of them is serving as a director on more than **seven** listed companies, including this company;

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. **The Board has ensured that** complete record of particulars of the significant policies along with **their date of approval or updating is maintained by the company;**

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The **Board** have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training program for the following:
(Name of Director)
(Name of Executive & Designation (if applicable));

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:-

a) Audit Committee (Name of members and Chairman)
b) HR and Remuneration Committee (if applicable) (Name of members and Chairman)

c) Nomination Committee (if applicable) (Name of members and Chairman)

d) Risk Management Committee (if applicable) (Name of members and Chairman)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,-

- a) Audit Committee;
- b) HR and Remuneration Committee (if applicable);
- c) Nomination Committee (if applicable);
- d) Risk Management Committee (if applicable);

15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the [Institute of Chartered Accountants of Pakistan](#) and registered with Audit Oversight Board of Pakistan, that [they and all their partners are in compliance with International Federation of Accountants \(IFAC\) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative \(spouse, parent, dependent and non-dependent children\) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;](#)

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations [3, 6, 7, 8, 27, 32, 33 and 36](#) of the Regulations have been complied with; and

19. [Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below \(if applicable\):](#)

Signature (s)
(Name in block letters)
Chairman
[\[File No. SY/SECP/8/13\]](#)

Management Accountant as Consultant

Mr. Ghulam Mustafa Qazi, FCMA

A Journey from Employee to Employer

ENTREPRENEURSHIP

- Wikipedia defines ENTREPRENEURSHIP as “the process of designing, launching and running a new business, which is often initially a small business”.
- “Capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit”

An entrepreneur is a person who exercises INITIATIVE by organizing a venture to take benefit of an opportunity and, as the DECISION MAKER, decides what, how, and how much of a good or service will be produced.

An entrepreneur is a RISK TAKER, and monitors and controls the business activities.



CORE VALUES TO ADOPT

- Honesty
- Trustworthiness
- Integrity
- Confidentiality
- Care
- Responsiveness
- Quality



CONSULTANT

- A Consultant is a professional who provides expert advice in a particular area or a number of related areas to his/ her clients.
- A Management Accountant possesses skills to provide the following services:
 - Taxation
 - Corporate Laws
 - Cost & Management Accounting
 - Financial Analysis, Review and Reporting
 - Financial & Cost Audit
 - Business Incorporations
 - Financial Systems & ERP
 - Management Consulting
 - Trainings
 - Many more ...



OPPORTUNITY RATIONALE

- Businesses having low profitability or losses
- Compliance requirements by regulators
- Increased requirement of documentation
- Increased tax problems of business community
- Increased awareness of the businesses to incorporate businesses
- Regulatory pressures
- Issues faced by the business owners in making informed business decisions due to lack of information on time



CHARACTERISTICS OF ENTREPRENEURS

- Key Personal Attributes
 - Strong Managerial Competencies
 - Good Technical Skills
- ▶ Successful

PRE-REQUISITES

- Member of ICMA Pakistan
- Certificate of Practice
- Firm Registration with ICMA Pakistan
- Quality Assurance (Recommended)

SOME AREAS OF CONSULTING

TAX CONSULTING

- Generally professional accountants provide tax services in the areas of income tax, sales tax and federal excise.
- Tax Consultants assist clients in:
 - Tax Registrations
 - Tax Planning
 - Tax advice on specific matters
 - Tax filing
 - Record-keeping as per tax laws
 - Representation of clients in the tax departments
 - Assisting during tax audits
 - Representing and pleading cases of appeals
 - Processing refunds
 - Obtaining exemptions
 - Tax approvals such as in the case of INGOs



CORPORATE LAWS CONSULTING

- Business Incorporation
 - Companies (Private Limited, Public Limited, Limited), Branch & Liaison Offices of Foreign Companies, Liability Partnership, NGOs, Partnership Firms
- Corporate Filing
- Representation at SECP
- Issuing certificate of deposit of subscription money and filing of Form-1
- Audit (discussed separately)
- Cost Audit
- Advice on Corporate Laws
- Merger & Acquisitions
- Winding Up



FINANCIAL MANAGEMENT CONSULTING

- Book-keeping on behalf of clients
- Financial Advice
- Cost and Management Accounting advisory
- Financial Analysis
- Cost & Efficiency Analysis
- Financial Reporting
- Training in the financial management
- Developing and implementing accounting policies & procedures and internal controls system
- Supervision of accounting departments of SME clients
- Outsourcing of accounting functions



MANAGEMENT CONSULTING

- Management consulting is the practice of helping organizations to improve their performance.
- The services, depending upon the expertise of the consulting, may cover:
 - Strategy Development
 - Change Management Assistance
 - Process Analysis
 - Technology Implementation
 - Operational Improvement Services
 - Rehabilitation of Sick Industries
 - Business Plan Development
 - Feasibility Study
 - Various Business Studies



AUDIT

- Financial Audit
- Cost Audit
- Internal Audit
- Investigative Audit
- Regulatory Audit of Telecom Companies
- Specific Purpose Audits
- Certifications under Prudential Regulations of SBP



FINANCIAL SYSTEMS & ERP

- Generally, the Consultants implement, any of the following commonly accounting and ERP Systems in their clients:
 - QuickBooks Accounting
 - Sage 50 Accounting
 - Custom Accounting Systems
 - Microsoft Dynamics
 - Oracle e-Business Suite
 - SAP
 - Various Desktop and Cloud-Based Systems



TRAININGS

- Accounting
- Financial Analysis & Reporting
- Microsoft Office (Financial Modeling, MS Excel, MS Word etc.)
- Other areas depending upon the expertise available



SOME MORE SERVICE AREAS

- Approval from BOI
- Licensing from Pakistan Engineering Council
- Uniform Accounting of Electric Power Companies as required by NEPRA
- Registration with Pakistan Software Export Board (PSEB)
- Registration with Chambers of Commerce & Industry
- Drafting Contracts, Joint-Venture Agreements etc.
- Help in business negotiations
- Stock-taking and Fixed Assets Verification
- Payroll Management, Recording & Reporting
- Freelancing & Outsourcing
- IT Solutions



THINKING TO START YOUR CONSULTING?

THINGS TO CONSIDER

- SWOT Analysis
- Short-term and Long-term Planning
- Revenue expectations
- Market Analysis, Competitor Analysis
- Sole proprietorship or partnership?
- Specialization or generalization?
- Office Location
- Investment available
- Facilities Requirement
- Assets Requirement
- Marketing Strategy
- Human Capital Requirement
- Books and Resources
- Family Support
- Financial Requirements over next year



ESSENCE OF CONSULTING

- Quality
- Time Management
- Delegation with Supervision
- Continuously update and upgrade your knowledge and skills
- Knowing your per hour cost
- Knowing important deadlines and communication to clients
- Gaining knowledge
- Clients follow-up and periodic visits
- Making contracts in writing
- Keep an eye on the new requirements and services being delivered by others



KNOWLEDGE RESOURCES

- ICMA Pakistan's website
- IFAC website, especially SMP areas
- FBR Website
- SECP Website
- Technical Updates by ICMA Pakistan
- Senior Practicing CMAs
- Tax and Company Law Books
- Business & Economic News & Updates



BUSINESS DEVELOPMENT

- Develop a good Business Profile and SEO
- Get Business Cards printed
- Develop and maintain a good website
- Maintain a Facebook page
- Maintain a LinkedIn company page/ group
- List down your contacts
- Call your contacts, email and send SMS/ WhatsApp messages
- Send your profile
- Personal visits
- Business Collaborations
- See newspapers daily for opportunities
- See important websites (PPRA, online resources, newspapers)
- Send proposals
- Deliver QUALITY
- Ask satisfied clients to refer clients
- Paid Marketing



Directory of Practicing Management Accountants, 2019

In the past, ICMA Pakistan has published the Directory of Practicing Management Accountants for facilitation of Government, Industrialists, Trade Organizations, National and International Non-Government Organizations, to achieve their objectives of corporatization and economy documentation in the country with the proficiency of Management Accountants. The directory also helps the service seekers to select the competent management accountants for the services required by them.

The Institute publishes Directory of Practicing Management Accountants each year which is uploaded on Website of the Institute as well as sent to the Regulators, Ministries, Government Offices, Authorities and other dignitaries in printed form. Following the same practice, the TSPD Directorate is again in the process of publishing the **Directory of Practicing Management Accountants, 2019**.

Worthy Members, who hold valid/ renewed COP, are requested to provide their updated information on the below format via email at tspd@icmap.com.pk latest by **December 20, 2019**.

Worthy Members, who have not yet renewed their COP, are requested to kindly get their COP renewed in order to get their names included in the Directory of 2019.

Data Form of CMA Firm for Directory of Practicing Management Accountants

Name of Firm		CMA Firm Logo
Partner(s):		Photograph 1x1
Office Address:		
Branch Office:		
Telephone No.		
Cell No.		
Email ID:		
Website:		
Services Offered:		

Legal Privileges Available to Cost and Management Accountants*

Sr.	Description	Legal Statute	Relevant Section / Rule
1	To act as an Auditor in case of a private limited company having paid up capital of less than three million	Companies Act, 2017	Section 247(b)
2	Appointment as Special Auditors by FBR for Income Tax Audit	Income Tax Ordinance, 2001	Section 177 (10) Income Tax Ordinance, 2001
3	Appointment as Special Auditors by FBR Sales Tax Audit	Sales Act, 1990	Section 32-A of Sales Act, 1990, & SRO 539(1)/2006 dated 5th June, 2006
4	To perform Audit of Cost Accounts as an Auditor	Companies Act, 2017	Section 250(1)
5	Audit & Certification of Accounts of Non Profit Organizations	Income Tax Rules, 2002	Income Tax Rules, 2002 notified through SRO 774 dated 29th July, 2006
6	Audit of Financial Statements for Agricultural Borrowers	Prudential Regulations for Agriculture Financing 2014	Part C, Regulations R-20
7	Audit of Financial Statements of SMEs	Prudential Regulations for Small and Medium Enterprises Financing 2013	Chapter No. 3, Regulation ME R-4
8	Audit of Financial Statements of Corporate and Commercial Banks	Prudential Regulations for Corporate / Commercial Banking 2011	Part B, Regulations R-3
9	To Act as Legal Representative of Taxpayer	Income Tax Ordinance, 2001 Income Tax Rules, 2002	Sec 223 Income Tax Ordinance, 2001 Rules 84-90 Chp XIV if Income Tax Rules, 2002
10	Delegation of Function by Assets Management Companies	SECP Circular, 2013	No.24/2013 dated December 06, 2013
11	Declaration for Registration of Memorandum	Companies Rules, 1985	Rule 4 (2) (ii)
12	Appointment as Committee Member on Custom matters	Customs Act, 1969	Section 195 C(2)
13	Appointment as Member of Settlement Commission on Custom matters	Customs Act, 1969	Section 196 K(3)
14	Appointment as Accountant Member of the Appellate Tribunal	Anti-Dumping Duties Ordinance, 2015	Rule 65(1)(a), No.2((1)/2015-Pub dated February 26, 2015
15	To Act as Legal representative in Anti-Dumping Tribunal	Anti-Dumping Duties Ordinance, 2015	No.2((1)/2015-Pub dated February 26, 2015
16	To Act as Member of Small Dispute Resolution Committee	Small Dispute Resolution Committees (Constitution and Procedure) Rules, 2015	Section 4(1)(b)
17	To act as an Expert in the Companies Act, 2017	Companies Act, 2017	Section 2(30)
18	To act as Certifier in the memorandum and articles	Companies Act, 2017	Section 17(3)
19	To act as Auditor for making report in case of return as to allotments	Companies Act, 2017	Section 70(b)
20	To act as an Intermediary in terms of Section 455 of the Companies Act, 2017	Intermediaries (Registration) Regulations, 2017	Section 3(i)(b)
21	To act as an Internal Auditor in the listed companies	Code of Corporate Governance	Code of Corporate Governance
22	To carry out the Audit of Separated Accounts	PTA Accounting Separation Guidelines, 2007	Sub-Clause 9(1)
23	To act as an Expert in the Panel of Insolvency Experts	Corporate Rehabilitation Regulations, 2019	Sub-Clause 4(ii)
24	To act as a Provisional Manager and Official Liquidator	Panel of Provisional Managers and Official Liquidators Regulations, 2019	Sub-Clause 4(a)

*The above furnished details are compiled to the best of our knowledge, however, Worthy Members are encouraged to provide their inputs and feedback on the above information.

TECHNICAL SUPPORT & PRACTICE DEVELOPMENT COMMITTEE