



The Institute of
Chartered Accountants
of Pakistan



Institute of
Cost and Management Accountants
of Pakistan

Evaluation Committee of the Joint Committee of ICAP and ICMAP

EVALUATION CRITERIA 2014



Best Corporate Report Awards

The aim of the Best Corporate Report (BCR) Awards is to encourage and give recognition to excellence in annual corporate reporting. Instituted and presented for the first time in 2000, BCR Awards seek to promote corporate accountability and transparency through the publication of timely, informative, factual and reader friendly annual reports.

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Marks

Marks

3.2	Cash Flow Statement based on Direct Method	2		
3.3	Statement of Charity Account	1		
3.4	Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations	1		
3.5	Adoption of IFAS 1 & IFAS 2 issued by the ICAP	1		
4	Stakeholder's Information	35		
4.1	Performance indicators (Ratios) for 6 years:	10		
	Financial Sector:			
	Profitability Ratios			
	<ul style="list-style-type: none"> Profit before tax ratio Gross Yield on Earning Assets Gross Spread ratio Cost/Income ratio Return on Equity Return on Capital employed 			
	Liquidity Ratios			
	<ul style="list-style-type: none"> Advances to deposits ratio Current ratio Quick / Acid test ratio Cash to Current Liabilities 			
	Investment /Market Ratios			
	<ul style="list-style-type: none"> Earnings per Share (EPS) and diluted EPS Price Earnings ratio Price to Book ratio Dividend Yield ratio Dividend Payout ratio Cash Dividend per share Stock Dividend per share Market value per share at the end of the year and high/low during the year 			
	Capital Structure Ratios			
	<ul style="list-style-type: none"> Capital Adequacy ratio Earning assets to total assets ratio Weighted Average cost of deposit Net assets per share Maturity analysis of assets and liabilities Concentration of assets, liabilities and off Balance Sheet items Disclosure of non performing loans 			
	Non-Financial Sector :			
	Profitability Ratios			
	<ul style="list-style-type: none"> Gross Profit ratio Net Profit to Sales EBITDA Margin to Sales Operating leverage ratio Return on Equity Return on Capital employed 			
	Liquidity Ratios			
	<ul style="list-style-type: none"> Current ratio Quick / Acid test ratio Cash to Current Liabilities Cash flow from operations to Sales 			
	Activity / Turnover Ratios			
	<ul style="list-style-type: none"> Inventory turnover ratio No. of Days in Inventory Debtor turnover ratio No. of Days in Receivables Creditor turnover ratio No. of Days in Payables Total Assets turnover ratio Fixed Assets turnover ratio Operating cycle 			
	Investment /Market Ratios			
	<ul style="list-style-type: none"> Earnings per Share (EPS) and diluted EPS Price Earnings ratio Dividend Yield ratio Dividend Payout ratio 			
			<ul style="list-style-type: none"> Dividend Cover ratio Cash Dividend per share Stock Dividend per share Market value per share at the year end and high/low during the year Breakup value per share without Surplus on Revaluation of Fixed Assets Breakup value per share including the effect of Surplus on Revaluation of Fixed Assets 	
			Capital Structure Ratios	
			<ul style="list-style-type: none"> Financial leverage ratio Weighted average cost of debt Debt to Equity ratio Interest Cover ratio 	
			4.2 Duo Pont Analysis	2
			Note: Formulas are available at http://www.icap.org.pk/web/links/0/bestcorporatereportawards.php	
			4.3 Summary of the Cash Flow Statement for 6 years	1
			4.4 Vertical and Horizontal analysis of Balance Sheet and Profit and Loss Account for 6 years	2
			4.5 Graphic presentation of Balance Sheet, Profit & Loss Account and items described in 4.1 to 4.4 above	3
			4.6 Comments on the results of the analysis at 4.1 to 4.4 above	4
			4.7 Analysis of variation in results reported in interim reports with the final accounts	2
			4.8 Video presentation of CEO placed on company's website detailing financial position and performance of the company, major products launched, projects accomplished during the year and planned for next year including an overview of future prospects of the company	4
			4.9 Share Price Sensitivity Analysis	1
			4.10 Shares held by Sponsors / Directors / Executives	1
			4.11 Statement of Value Added and how distributed with graphical presentation:	1
			<ul style="list-style-type: none"> To Employees as remuneration To Government as taxes To Shareholders as dividends To providers of finance as financial charges Retained within the business To Society 	
			4.12 Issues raised in the last AGM, decisions taken and their implementation	2
			4.13 Investors' Relations section on the corporate website	2
			5 Report Presentation	7
			5.1 Theme on the cover	1
			5.2 Effectiveness of photographs and their relevance	1
			5.3 Comprehensiveness of corporate information and address for correspondence e.g. website, email addresses and telephone Nos.	1
			5.4 Complete accessible annual report on the website and availability of information in the XBRL format	2
			5.5 Definition and glossary of terms	1
			5.6 Calendar of major events	1

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Marks

Marks

6 Corporate Governance

6.1 Timely Communication: Date of authorization of Financial Statements by the Board of Directors:

- within 30 Days --- 6 Marks
- within 45 Days --- 5 Marks
- within 60 Days --- 4 Marks
- within 75 Days --- 3 Marks

Note: Entities requiring approval from a Regulator before finalization of their Financial Statements would be provided a 14-days relaxation. Such entities must provide proper evidence to claim this relaxation for BCR Committee

6.2 Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance)

6.3 Disclosure of Policy for actual and perceived conflicts of interest relating to members of the Board of directors and a disclosure that how such a conflict is managed and monitored

6.4 Disclosure of IT Governance Policy

6.5 Whistle blowing policy and procedures and disclosure of the number of such incidences reported to the Audit Committee during the year

6.6 Human resource management policies including preparation of a succession plan

6.7 Social and environmental responsibility policy

6.8 Policy and procedure for stakeholders' engagement and the frequency of such engagements during the year. How these relationships are likely to affect the performance and value of the entity, and how those relationships are managed. These engagement may be with:

- (a) Institutional Investors
- (b) Customers & Suppliers
- (c) Banks and other lenders
- (d) Media
- (e) Regulator
- (f) Analysts

6.9 Investors' Grievances Policy

6.10 Policy for safety of records of the company

6.11 Organization Chart indicating functional and administrative reporting

37

6

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3

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1

6.12 The Board structure and its committees; and
a) Name of non-executive directors, indicating their independence, with at least one independent non-executive director having relevant industry experience
b) Profile of each director
c) Involvement / engagement of each director in other companies / entities as CEO, Director, CFO or Trustee etc.
d) Number of executive directors on the Board less than one-third

6.13 Shariah Advisor / Shariah Board Member's Profile

6.14 Chairman of the Board other than the CEO

6.15 Salient features, TOR and attendance in meetings of the Board Committees including Audit Committee and Human Resource Committee

6.16 Details of Board meetings held outside Pakistan during the year

6.17 Report of the Audit Committee including:

- a) Composition of the Committee with at least one member having expert knowledge of finance and accounting
- b) Independent non- executive directors including the Chairman on Audit Committee. (Full marks if all are independent non-executive directors, else zero)
- c) A brief account of the Internal Control Framework and role of the internal Auditor
- d) Head of internal audit to have direct access to audit committee

6.18 Shariah Advisor Report

6.19 Independent non- executive directors on the Human Resources and Remuneration Committee. (Full marks if all are non-executive directors, else zero)

6.20 Annual evaluation of Board's performance, along with description of criteria used

6.21 CEO performance review by the Board

6.22 A brief description about respective role of the Chairman and the CEO

6.23 Formal orientation at induction and the names of who have completed Directors Training Program from the Institutes approved by the SECP

2

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1

1

2

4

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1

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1

2

2

Total Marks 140

Note:

- Entities participating in the competition are encouraged to fill self assessment form available at ICAP & ICMAP websites
- Self Assessment form and the suggestions, if any may be sent to the Secretariat at dts@comments.com
- Maximum five (5) marks will be deducted in case of other than a clean audit report
- Minimum qualifying marks are 75
- Non-listed and private entities are encouraged to take part in the competition

Evaluation Committee of the Joint Committee of ICAP and ICMAP

Chairman

Abdul Rahim Suriya

Members

Hena Irfan
Muhammad Farid Alam
Shafqat Ali
Omer Mustafa Ansari
Naveed Abdul Hameed
Syed Fahim-ul Hasan
Sayyid Mansoob Hasan
Mirza Asif Ali Jah

Wasif Khalid
Naresh Kumar
Muhammad Lukman
Ahsan Ghaffar Mehanti
Abdul Rashid
Mustansir Zakir
Shaukat Zaman
Ghazala Yunus