



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



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.



Best Corporate Report Awards

EVALUATION CRITERIA 2014

		DA - Ja-		
		Marks		Marks
1. 1.1 1.2 1.3 1.4 1.5	Introductory Vision and Mission Statement Code of business conduct and ethical principles Overall strategic objectives Profile including group structure Geographical presence Nature of business including a macro-level (e.g. industry, main markets, and legal environment) and a micro-level (e.g. business model, product portfolio)	6 1 1 1 1 1 1 1 1	2.10 Risk and Opportunity Report: (a) Identification of strategic, commercial operational and financial risks (b) Plans and strategies for mitigating these risks and potential opportunities (c) Key sources of uncertainty (d) Materiality approach adopted by the management 2.11 Efforts made to mitigate the adverse impact of industrial effluents by adapting techniques, creating awareness and providing training etc.	2
2.	Management Review and Representations	34	to the surrounding communities	
2.1	Objectives and Strategies: (a) Management's objectives and strategies for meeting those objectives (b) Significant changes in an entity's objectives and strategies from the previous period or	2.12 Energy saving measures taken by the oduring the year and how the company is to overcome the escalating energ (organization specific)	2.12 Energy saving measures taken by the company during the year and how the company is planning to overcome the escalating energy crisis (organization specific) 2.13 Procedures adopted for quality assurance of	1
	periods (c) Relationship between the entity's results and		products/services	'
2.2	management's objectives Description of the entity's most significant: (a) Resources, including an analysis of liquidity, cash flows, financing arrangements, human capital; (b) Capital structure including any inadequacies in the capital structure and plans to address such inadequacies; (c) Significant changes in financial position, liquidity and performance compared with those of the previous period;	3	2.14 Sustainability: Highlights on the entity's performance in relation to the following aspects of corporate sustainability: (i) Corporate Social Responsibility (ii) Energy conservation (iii) Environmental protection measures (iv) Community investment & welfare schemes (v) Consumer protection measures (vi) Industrial relations (vii) Employment of special persons (viii) Occupational safety & health (ix) Business ethics & anti-corruption measures (x) National cause donations	6
2.3	Analysis of the prospects of the entity including targets for financial and non-financial measures and explanation as to why the results from performance measures have changed over the period or how the indicators have changed	1	(xi) Contribution to national exchequer (xii) Rural development programmes	
2.4	Strategy to overcome liquidity problem and the company's plan to manage its repayment of debts and recover losses	2	 Disclosures Disclosures as prescribed by the IFRS, SBP, SEC and other applicable laws & regulations, following 	1
2.5	Critical Performance Indicators (CPI) which management uses to measure performance of the entity against stated objectives of the entity and whether the indicators used currently will continue to be relevant in the future	2	 additional disclosures, where applicable, will als be considered: i) Comprehensive related party disclosur ii) Disclosure of all changes in corresponding figure iii) Adequate disclosure of significant judgmen and estimates 	e S
2.6	Review by the Board of the entity's Business Continuity Plan or the Disaster Recovery Plan, whichever applicable	1	 iv) Detailed disclosure of financial instrument v) Detailed disclosure of facilities provided to CEO and Directors vi) Detailed disclosure of all contingencies and 	ס
2.7	Segmental review of business performance	1	commitments vii) Income tax reconciliation as required by IFR	3
2.8	Market share information preferably from an independent source	1	viii) Reconciliation of weighted average number of shares for calculating EPS and diluted EP ix) Adequate disclosure of new accountin	S
2.9	Forward Looking Statement: (a) Forward Looking Statement in narrative and quantitative form including projections or forecasts about known trends, uncertainties that could affect the entity's resource, revenues and operations (b) Explanation as to how the performance of the entity meets the forward-looking disclosures made in the prior periods	2	standards and their expected impact x) Sector wise analysis of deposits and advance xi) Segment analysis of gross income an profit before tax xii) Disclosure of fair value of Property, Plan and Equipment xiii) Summary of significant/ material asset or immovable property xiv) WDV reconciliation as per IAS 16 xv) Disclosure of discounts on revenue xvi) Detailed plant capacity	d t

EV	ALUATION CRITERIA 2014	Marks			Marks
3.2 3.3 3.4 3.5	Cash Flow Statement based on Direct Method Statement of Charity Account Complete set of financial statements (Balance sheet, Income statement & Cash flow) for Islamic banking operations Adoption of IFAS 1 & IFAS 2 issued by the ICAP Stakeholder's Information	2 1 1 1		 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 Financial leverage ratio 	
4.1	Performance indicators (Ratios) for 6 years: Financial Sector:	10		Weighted average cost of debtDebt to Equity ratioInterest Cover ratio	
	Profitability Ratios Profit before tax ratio Gross Yield on Earning Assets Gross Spread ratio		4.2 Note:	Duo Pont Analysis Formulas are available at http://www.icap.org.pk /web/links/0/bestcorporatereportawards.php	2
	Cost/Income ratioReturn on EquityReturn on Capital employed		4.3	Summary of the Cash Flow Statement for 6 years	1
	Liquidity Ratios Advances to deposits ratio Current ratio		4.4 4.5	Vertical and Horizontal analysis of Balance Sheet and Profit and Loss Account for 6 years Graphic presentation of Balance Sheet, Profit &	3
	Quick / Acid test ratioCash to Current Liabilities		4.6	Loss Account and items described in 4.1 to 4.4 above Comments on the results of the analysis at 4.1 to 4.4	4
	Investment /Market Ratios Earnings per Share (EPS) and diluted EPS Price Earnings ratio Price to Book ratio		4.7	above Analysis of variation in results reported in interim reports with the final accounts	2
	 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		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
	 Capital Adequacy ratio Earning assets to total assets ratio 		4.9	Share Price Sensitivity Analysis	1
	Weighted Average cost of depositNet assets per share		4.10	Shares held by Sponsors / Directors / Executives	1
	 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 Gross Profit ratio Net Profit to Sales 		4.11	Statement of Value Added and how distributed with graphical presentation: 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	1
	Net Froit to Sales EBITDA Margin to Sales Operating leverage ratio Return on Equity		4.12	Issues raised in the last AGM, decisions taken and their implementation	2
	 Return on Capital employed Liquidity Ratios Current ratio Quick / Acid test ratio Cash to Current Liabilities 		4.13	Investors' Relations section on the corporate website	2
	Cash to Current Liabilities Cash flow from operations to Sales		5	Report Presentation	7
	Activity / Turnover Ratios Inventory turnover ratio		5.1	Theme on the cover	1
	No. of Days in Inventory Debtor turnover ratio		5 . 2	Effectiveness of photographs and their relevance	1
	 No. of Days in Receivables Creditor turnover ratio No. of Days in Payables Total Assets turnover ratio 		5.3	Comprehensiveness of corporate information and address for correspondence e.g. website, email addresses and telephone Nos.	1
	Fixed Assets turnover ratioOperating cycle		5.4	Complete accessible annual report on the website and availability of information in the XBRL format	2
	Investment /Market Ratios Earnings per Share (EPS) and diluted EPS Price Earnings ratio Dividend Yield ratio		5.5 5.6	Definition and glossary of terms Calendar of major events	1
	Dividend Payout ratio				

6 **Corporate Governance** 37 6.12 The Board structure and its committees; and 2 Name of non-executive directors, indicating their independence, with at least one independent non-6 Timely Communication: Date of authorization of executive director having relevant industry Financial Statements by the Board of Directors: experience within 30 Days --- 6 Marks Profile of each director within 45 Days --- 5 Marks Involvement / engagement of each director in other within 60 Days --- 4 Marks companies / entities as CEO, Director, CFO or within 75 Days --- 3 Marks Number of executive directors on the Board less Note: Entities requiring approval from a Regulator than one-third before finalization of their Financial Statements would be provided a 14-days relaxation. Such 6.13 Shariah Advisor / Shariah Board Member's Profile entities must provide proper evidence to claim this relaxation for BCR Committee 6.14 Chairman of the Board other than the CEO 6.15 Salient features, TOR and attendance in meetings of 1 the Board Committees including Audit Committee and Compliance with the Best Practices of Code of 1 Human Resource Committee Corporate Governance (No marks in case of any non-compliance) 6.16 Details of Board meetings held outside Pakistan during 2 Disclosure of Policy for actual and perceived 1 the vear conflicts of interest relating to members of the Board of directors and a disclosure that how such a 6.17 Report of the Audit Committee including: 4 Composition of the Committee with at least one conflict is managed and monitored member having expert knowledge of finance and Disclosure of IT Governance Policy 1 accounting Independent non- executive directors including the Chairman on Audit Committee. (Full marks if 6.5 Whistle blowing policy and procedures and disclosure 1 of the number of such incidences reported to the all are independent non-executive directors, else Audit Committee during the year A brief account of the Internal Control Framework Human resource management policies including and role of the internal Auditor preparation of a succession plan Head of internal audit to have direct access to audit committee Social and environmental responsibility policy 6.18 Shariah Advisor Report 1 Policy and procedure for stakeholders' engagement 3 and the frequency of such engagements during the 6.19 Independent non- executive directors on the Human 1 year. How these relationships are likely to affect the Resources and Remuneration Committee. (Full marks performance and value of the entity, and how those if all are non-executive directors, else zero) relationships are managed. These engagement may be with: 6.20 Annual evaluation of Board's performance, along with 1 description of criteria used Institutional Investors Customers & Suppliers 6.21 CEO performance review by the Board 1 Banks and other lenders (c) Media 6.22 A brief description about respective role of the Chairman 2 (d) Regulator and the CEO Analysts 2 6.23 Formal orientation at induction and the names of who have completed Directors Training Program from the Investors' Grievances Policy 1 Institutes approved by the SECP 6.10 Policy for safety of records of the company 1 Organization Chart indicating functional and 1 Total Marks 140 administrative reporting

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