

PAKISTAN GEMS & JEWELLERY DEVELOPMENT COMPANY (PGJDC)

FINANCIAL POLICY

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1.0 Document Control

Document Control Sheet		
Name of Document	Finance and Administration Policy	
Approved By	Executive Committee	
Approved By	Board	
Responsible Manager	GM F&A/ Head of F&A	
Prepared By	Finance and Admin	
Original Draft Date	20 th April, 2007	
Original Approved Version Date		
Distribution	Board, CEO, Head of Finance, GM Value Chain Marketing,	
Number of Copies		

Notes: This document shall be formally reviewed on an annual basis. All relevant policies passed as resolutions by the Board shall be included in the Policy Manual.

2.0 Definitions

AGM	Annual General meeting
Controlled Document	A document which must have details of version number, revision dates authorities for revision and approval.
PGJDC	is the common name for Pakistan Gems & Jewellery Development Company
Management Committee	CEO, two GMs and Company Secretary
Executive Managers	CEO, General Managers, Head of Finance
Financial year	from 1 st July to 30 th June
Management Staff	Professional Employees, white collar workers
Memorandum	Memorandum and Articles of Association
Professional Employees	All employees who are employed in professional positions are deemed 'professional employees' It would generally be expected that these employees would have a recognised qualification at Mater degree level or B.E or above.
Professional Positions	CEO, GM, Company Secretary, Finance Manager and Assistant Manager, Finance and Accounts Officers, project officer, HR Manager, HR Officer, Marketing Manager.
SECP	Securities & Exchange Commission of Pakistan
Sector	Dimensional Gems & Jewellery sector refers to all activities specified in PC-1.
EGM	Extra Ordinary General Meeting
Stakeholders	Refers to all persons and organisations in the Gems & Jewellery sector including quarry owners, processors, traders, consumers, service providers and relevant government institutions and NGO bodies directly involved in the sector.
CA	Chartered Accountant

3.0 Annual Calendar

[illegible]

4.0 General

Legal Requirements

Pakistan Gems & Jewellery Development Company has been incorporated under section 42 of the Companies Ordinance 1984. The company must comply with the various requirements of the Ordinance 1984, the requirements as set out in the Memorandum and Articles of Association and the specific requirements as detailed by SECP.

Some of the requirements are included in this policy manual but the Ordinance and Memorandum and SECP requirements shall take precedence over policies included in this manual.

Objectives

The objectives of these policies are to ensure that all financial transactions of the Company are controlled and documented and that they meet the policy requirements as established by the Board of Directors.

5.0 Audits

5.1 External Audit

- The Board of Directors shall appoint External Auditors at each AGM in accordance with the Memorandum
- The Board of directors shall approve the Auditors Fees at each AGM.
- The Auditor's report shall be included with the Annual Accounts Annual Report.

5.2 Internal Audit

Internal Auditor

- The CEO shall appoint an Internal Auditor.
- This shall be either an internal appointment or an external firm of CAS appointed by the Board
- The Internal Auditor will report directly to the CEO however quarterly reports shall be submitted to the Board through CEO.

Role of Internal Auditor

- The Internal Auditor shall be responsible for the internal audit of the company's accounting records, systems and procedures to ensure that they comply with the Financial and Administration Policy Manual, all Financial and Tax regulations

and any SECP requirements in general are in accordance with normal accounting practices.

Access to Information

- The Internal Auditor shall be given free access to all company records, financial or otherwise, at all times.
- The Internal Auditor shall also provide advice to the company on improvements in Policies, Systems and Procedures to improve the efficiency, integrity and security of the financial systems.
- The Internal Auditor shall review and advise on the accuracy of management reporting systems.

Frequency of Audits

- Internal Audits shall be carried out as per audit plan to be agreed with CEO and GM Finance/ Head of Finance

6.0 Accounting Policies

The Company Accounting Policies will be in accordance with the requirements of Government regulations including all Tax legislation.

Financial statements will be prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP). The Company accounting system will be based on accrual accounting.

7.0 Levels of Authority

Item	BOD	Chairman	CEO	GM Finance/ Head of Finance	GM Project	GM MKT	Finance Mgr	Other Specify		
Approve Policy Manuals	X									
Appoint / Termination External Auditor and establish remuneration.	X									
Appoint / Termination CEO	X									
Authorise Opening of Bank Account	X									
Authorise signatories to Bank Account	X									
Authorised to sign cheques		In absence of CEO jointly with GM Finance / Head of Finance	Jointly with GM Finance/Head of Finance and in his absence jointly with Chairman	Jointly with Chairman/CEO						All cheques to be signed jointly by any two.
CAPITAL BUDGET										
Approve Capital and Expense Budgets	X									
Approve Annual Accounts	X									
Appoint Internal Auditor			X							
Approve Capital Expenditure of the Company and projects (within budget)		X	No Limit. Jointly with GM Finance/ Head of Finance	No Limit, jointly with CEO						Against the budget approved by the board.
Authorise Capital Expenditure (out side budget) pertaining to operating Budget.	X	Up to 5% of the approved budget for the specific items & any other item should be covered under small purchases in the budget	.							
Unforeseen Capital Expenditure		5% of Capital cost								
Re-appropriations		Up to 15% of each Account Head								
Revenue Expenditure										
Budget Approval	X									
Budgeted Revenue Expenditure										
Regular Expenses		X	As per budget allocation							
Employees Expenses claims			As per rules of the co.							
Unforeseen Revenue Expenditure			3% of the Revenue Exp.							
Budget Reappropriation	X	Up to 15% of each Account Head								
Special Expenses	X		X							
Tax Payments			X							
Import Duties			X							
Clearing Agent Payments			X							
Financial Representation										
Overdrafts and Loans	X									
Representation to Auditors	X		X							
Letters of Credit Signing			X							
Treasury Decisions subject to ratification of the Board.		X	X							
Claims settlement, suits, etc.	X									

Disposals										
Sale/Disposal of assets	X									
Others										
Agreement with Suppliers/Contractors and others with in limit of Budgets of the Company and its projects.		X	X							
Appointment of Consultants/Advisors		X	X							
Release of Funds to Training & R&D/ Branding & Quality Control with in Budgetary Limit			X							
Bonus to Employees	X									
Formation of internal Committees		X	X							
Hiring and Firing		X	X							
PURCHASES										
Approval of Purchase order			Up to Rs. 1,000,000 if above jointly with GM Finance/ Head of Finance with the consent of the chairman	Up to Rs. 1,000,000 jointly with CEO						
Approval of Invoice for Payment			No Limit against approved POs and valid receiving documents from the concerned deptt.	No Limit against approved POs and valid receiving documents from the concerned deptt.						The person approving the PO will not be authorized to receive any consignment.
Approval of Contract ¹	X		Up to Rs. 10,000,000 only for a period not exceeding 12 months jointly with GM Finance/Head of Finance subject to consent of the chairman							No contract should be approved without vetting by the legal consultants.
Approval of placement of surplus funds with the banks authorized by the Board for this purpose	X		Up to one month no limit, up to three month. Rs. 50,000,000 with the consent of the chairman							

‘X’ MEANS AUTHORITY DELEGATED

¹ Contract includes all leases, Contracts, hire purchase etc

² Absence means away from office for more than 5 working days, on leave or business trip

³ All contracts above Rs. 10 million require approval form Board.

8.0 Banking

Approved Company Bank

The company may work with three Scheduled banks having registered office in Pakistan.

Cheque and Bank Transactions - Signing Signatories

- The issuing of Cheques and any other Bank Transactions shall be according to the level of authority as mentioned in clause 7.0 Level of Authority

Investment of Funds

The CEO shall be authorised to invest the surplus funds for a period of one month with no limit, up to Rs. 50,000,000 for three months in secure term deposits with the Bank approved by the Board with the consent of the Chairman.

9.0 Budget procedures

Annual Budget and Work plans

An annual budget and associated Work plans shall be prepared and presented to the Board for approval latest by June of each year.

The CEO will have overall responsibility for establishing the budget within the guidelines provided by the Board and consistent with the forecast availability of funds.

10.0 Procurement

Procurement Policy document is attached.

11.0 Asset Management

An asset register shall be maintained which is to be updated at all times. All concerned GMs will be responsible for the management of assets under their controls. GM Finance/Head of Finance will be responsible for issuance and up-dating of guidelines.

The Asset Register shall have the following details:

- Short name of item
- Description of item
- Date purchased
- Cost at purchase
- Location
- Depreciation
- Addition
- Suppliers
- Current Book Value
- Any maintenance, changes or upgrades to the asset.

- Disposal of Asset
- Date of Disposal
- To whom disposed
- Price received when disposed.

The Head of Finance / Administration shall be responsible for maintaining the Asset Register. The Auditors shall audit the Asset Register on at least an annual basis.

All the capital assets of the company should be covered by insurance cover to be taken from a company of good repute. The insurance company must be engaged with the approval of CEO on recommendation of Head of Finance.

12.0 Accounts Records and Reporting

Accounting records and reporting must meet the statutory requirements of SECP, taxation authorities or any other govt. directives. A copy of the quarterly financial accounts shall be circulated to the PIDC on a quarterly basis within one month of the closing of the quarter. Monthly accounts shall be prepared for review by the executive committee showing the performance against budget for the month and year to date for all major expenses.

13.0 AGM and Annual Report Requirements

- As per statutory requirements of SECP, taxation authorities or any other govt. directives.
 - The company shall hold its AGM within 4 months of the end of the financial year.
 - The Annual Report shall be printed and circulated at least 21 days prior to the AGM
 - The Annual Report shall include:
 - Audited Annual Financial Accounts
 - Auditor's Report
 - Chairman's / CEO's report
 - List of Directors
 - List of Key Executive Employees

14.0 Government and Local Body Requirements

PGJDC must comply with all Government and Local Body, SECP Requirements and govt directives. Some of the regular requirements are included in the annexure but this list may not be exhaustive and the SECP Web site and appropriate Regulations such as Section 42 must also be referred to. It is the responsibility of the Company Secretary to ensure that all SECP requirements are complied with.