



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

HEAD OFFICE

Circular No.08/2015

October 16, 2015

ALL MEMBERS OF THE INSTITUTE

Dear Member

'INTERNATIONAL FINANCIAL REPORTING STANDARD FOR SMALL & MEDIUM SIZED ENTITIES' AND 'REVISED ACCOUNTING & FINANCIAL REPORTING STANDARD FOR SMALL SIZED ENTITIES'

Through SRO No. 928/2015 dated September 10, 2015 the Securities and Exchange Commission of Pakistan (SECP) has made amendments to the Fifth Schedule to the Companies Ordinance, 1984. These amendments relate to the changes made in the classification of non-listed companies for the purpose of preparation of their financial statements.

Further, through SRO No. 929/2015 dated September 10, 2015 SECP has directed the non-listed companies, as classified under Fifth Schedule to the Companies Ordinance, 1984, to follow applicable financial and accounting reporting standards.

Both the above SROs can be accessed through the SECP website:

http://www.secp.gov.pk/notification/pdf/2015/SRO_929_20150910.PDF
http://www.secp.gov.pk/notification/pdf/2015/SRO_928_20150910.PDF

The aforesaid applicable financial and accounting reporting standards include:

- *International Financial Reporting Standard for Small and Medium Sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB)*
- *Revised Accounting and Financial Reporting Standards for Small Sized Entities (SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP)*

The IFRS for SMEs can be downloaded by registering free for e-IFRS Basic at the following link:

<http://eifrs.ifrs.org/eifrs/sme/en/IFRSforSMEs2009.pdf>

Whereas the Revised Accounting and Financial Reporting Standards (AFRS) for SSEs may be downloaded from ICAP website using the following link:

<http://www.icap.net.pk/wp-content/uploads/2013/12/SSE-Standard-Final-for-notification.pdf>

The above standards have been notified on the recommendation of ICAP. Consequently ICAP has withdrawn, for corporate entities, the AFRS for Medium Sized Entities and AFRS for Small Sized Entities issued in the year 2006. However, for non-corporate entities the old AFRS for Small Sized Entities will still be applicable. Further, Technical Release 5 is also in the process of being revised to reflect the aforementioned changes.

Under the SECP directives, IFRS for SMEs is to be applied by:

(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)

Chartered Accountants Avenue, Clifton, Karachi-75600 (Pakistan). Ph: (92-21) 111-000-422, Fax: 99251626

Website: www.icap.org.pk, E-mail: info@icap.org.pk



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1. Medium Sized Companies defined as a non- listed company (excluding the companies licensed/formed under Section 42 and Section 43 of the Companies Ordinance, 1984) which is not a:
 - a. Public Interest Company; or
 - b. Large Sized Company; or
 - c. Small Sized Company other than a non- listed public company
2. Small and Medium Sized Company formed/licensed under Section 42 and Section 43 which has an annual gross revenue including other income / revenue of less than Rs.200 million

Whereas the '*Revised Accounting and Financial Reporting Standards for SSEs*' is applicable on:

1. Small Sized Companies defined as other than a non-listed public company having :
 - a. Paid up capital not exceeding Rs. 25 million, and
 - b. Turnover not exceeding Rs.100 million.

The SECP's directive to follow relevant accounting and financial reporting standards as provided in the aforementioned SROs is applicable from for annual financial period beginning on or after January 1, 2015.

Members are advised to take note of the above referred SROs.

Yours truly

Saira Shamsie
Sr. Manager Technical Services