

**Circular No. 1 Reference No. SC/DA/Aud/2003/
APPOINTMENT OF SOLE PROPRIETOR CHARTERED ACCOUNTANTS AS
AUDITORS BY BUSINESS NAME.**

January 23 , 2003

Whereas it has come to the attention of Securities and Exchange Commission of Pakistan ("SEC") that sole proprietor chartered accountants are being appointed as auditors under their respective business names by certain companies pursuant to section 252 of the Companies Ordinance, 1984 ("Ordinance"). Moreover, such sole proprietors are using the words "Chartered Accountants" instead of "Chartered Accountant" with their business name.

2. In view of Sub-Section (2) of Section 254 of the Ordinance, which provides that auditors can be appointed by their business name if they are practicing as a firm of chartered accountants, the SEC therefore considers it expedient to clarify that sole proprietor chartered accountants cannot be appointed as auditors by their business names, and shall be appointed in their personal names only.
3. Further, it is hereby directed that a sole proprietor shall not use the words "Chartered Accountants" with his business name in any correspondence or report that relates to the audit of a company, and shall instead use the designation "Chartered Accountant" with his name. Only firms of practicing chartered accountants can use the words "Chartered Accountants" as this expression suggests that the firm consists of more than one member of the Institute of Chartered Accountants of Pakistan.
4. All companies and their auditors are directed to ensure immediate compliance with this Circular, with the exception that para 2 above shall apply to appointments of auditors made subsequent to the issuance of this Circular.

(Jaweria Ather)
Director (Accounting)

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