

**Financial statements of subsidiary companies used for consolidation purposes the difference in whose reporting date is more than three months of the reporting date of the financial statements of the holding company**

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*January 21, 2001*

*Circular No. 1*

*Reference No. SECP/ICAP/EM/4/1999*

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In exercise of the powers conferred by clause (o) of sub-section (4) of section 20 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) read with the Finance Division's Notification No.S.R.O 698(I)/86 dated 2nd July, 1986 the Securities and Exchange Commission of Pakistan is pleased to issue the following guidelines in respect of preparation of consolidated financial statements:-

i. Financial statements of subsidiary companies drawn up to different reporting dates may be used provided the date is not greater than three months as envisaged in paragraph 19 of the 'IAS 27 – Consolidated Financial Statements and Accounting for investments in Subsidiaries.'

ii. When the difference in reporting dates of financial statement of the holding and subsidiary companies is more than three months the subsidiary company shall prepare, for consolidation purposes, financial statements drawn up as at the same date as reporting date of the holding company. Such financial statements of subsidiary companies would be subject to a limited scope review under 'International Standard on Auditing and Related Services -910 regarding Engagements to Review Financial Statements' and shall be consolidated with the financial statements of the holding company as at the same date as of the reporting date of the holding company. The consolidated financial statements shall disclose in respect of such subsidiaries in the notes thereto:

a. Net assets;

b. Period of accounts; and

c. Names of such subsidiary companies.

iii. The length of the reporting periods and any difference in the reporting dates shall ordinarily be the same from period to period except on the first application of the treatment provided in the preceding paragraph.

(a) the connected person proves that the person reasonably believed that the unpublished price sensitive information had been generally disclosed; or

**( N. K. SHAHANI )**  
**commissioner**

**Distribution:**

1. Chief Executives of all listed companies.
2. Chief Executives of Stock Exchanges, Karachi/Lahore/Islamabad.
3. The Institute of Chartered Accountants of Pakistan, Karachi.
4. The Institute of Cost and Management Accountants, Karachi.
5. Press Information Department, Islamabad.
6. Associated Press of Pakistan.
7. All officers of Commission