

Notification No. S.R.O.45(I)/2003

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NOTIFICATION

S.R.O. 45(1)/2003.- WHEREAS a difficulty has arisen in giving effect to the provision of section 235 of the Companies Ordinance, 1984 (XLVII of 1984). Now therefore in exercise of the powers conferred on it, under the provision of section 514 of the Companies Ordinance, 1984 read with clause (c) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), and with the Finance Division Notification No.S.R.O 698(I)/86, dated 2nd July, 1986, and in order to ensure consistency in compliance with the requirements of International Accounting Standards (IAS) 16 "Property, Plant & Equipment" and IAS 12 "Income Taxes (Revised)" the Securities and Exchange Commission of Pakistan is pleased to direct that the provisions of section 235 'Treatment of surplus arising out of revaluation of fixed assets' of the aforesaid Ordinance shall have effect as if:-

- (1) depreciation on assets which are revalued shall be determined with reference to the value assigned to such assets on revaluation and depreciation charge for the period shall be taken to the Profit and Loss Account;
- (2) an amount equal to incremental depreciation for the period shall be transferred from "Surplus on Revaluation of Fixed Assets Account" to un-appropriated profit / accumulated loss through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the period;
- (3) an amount equal to incremental depreciation charged in previous years may be transferred from "Surplus on Revaluation of Fixed Assets Account" to un-appropriated profit / accumulated loss through Statement of Changes in Equity; and
- (4) compliance with the requirements of IAS 12 "Income Taxes (Revised)" in respect of deferred tax on surplus on revaluation of fixed assets will be deemed as compliance with the provisions of this section as well.

(Mohammed Hayat Jasra)
Executive Director (Company Law)

CLD/CO.Amndt./2002