

**PART II**

**STATUTORY NOTIFICATIONS (S.R.O)**

**GOVERNMENT OF PAKISTAN**

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

**NOTIFICATION**

*Islamabad, 10<sup>th</sup> September, 2015*

**S.R.O. 929 (I)/2015.-** In exercise of the powers conferred by section 506 B read with sub-section (3) of section 234 of the Companies Ordinance, 1984 (XLVII of 1984) and in supersession of its earlier Notification S.R.O. 23(I)/2012 dated January 16, 2012, the Securities and Exchange Commission of Pakistan is pleased to direct that non-listed companies, as classified under Fifth Schedule to the Companies Ordinance, 1984, shall follow such accounting and financial reporting standards in preparation of balance sheet and profit and loss account, with such modifications as may be notified by the Commission from time to time, as are provided before each class, namely:-

**A. Classes of Non-Listed Companies (Excluding the Companies licensed / formed under Section 42 and Section 43 of the Companies Ordinance, 1984)**

<b>S. No.</b>	<b>Classes of Non-Listed Companies</b>	<b>The Criteria for a Class of Non-Listed company as provided in Fifth Schedule</b>	<b>Applicable Accounting and Financial Reporting Standards</b>
1.	<b>Public Interest Company (PIC)</b>	A non-listed company which is: a) a public sector company as defined in the Public Sector Companies (Corporate Governance) Rules, 2013; b) a public utility or similar company carrying on the business of essential public service; c) holding assets in a fiduciary capacity for a broad group of	International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and as notified by the Commission.

		<p>outsiders, such as a bank, insurance company, securities broker/dealer, pension fund, mutual fund or investment banking entity;</p> <p>d) in the process of filing its financial statements with the Securities and Exchange Commission of Pakistan (SECP) or other regulatory organization for the purpose of issuing any class of instruments in a capital market.</p>	
2.	<b>Large Sized Company (LSC)</b>	<p>A non-listed company which has:</p> <p>a) paid-up capital of Rs. 200 million or more, or</p> <p>b) turnover of Rs. 1 billion or more.</p>	International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and as notified by the Commission.
3.	<b>Medium Sized Company (MSC)</b>	<p>A non-listed company which is not a:</p> <p>a) Public Interest Company; or</p> <p>b) Large Sized Company; or</p> <p>c) Small Sized Company other than a non-listed public company.</p>	<p>International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by IASB as adopted in Pakistan by council of Institute of Chartered Accounts of Pakistan.</p> <p>A Medium-Sized Company with appropriate disclosure in its financial statements may have option to adopt the following:</p> <p>(i) The revaluation model included in the International Accounting Standard 16 'Property Plant and Equipment', and,</p> <p>(ii) The capitalizing of borrowing costs as permitted by the</p>

			International Accounting Standard 23 'Borrowing Cost'
4.	<b>Small Sized Company (SSC)</b>	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.	Revised Accounting and Financial Reporting Standards for Small Sized Entities (AFRS for SSEs) as approved by the council of Institute of Chartered Accountants of Pakistan.

**B. Classes of Companies Licensed / Formed under Section 42 and Section 43 of the Companies Ordinance, 1984**

S. No.	Classes of Companies	The Criteria for a Class of company licensed / formed under Section 42 and Section 43 of the Companies Ordinance, 1984 as provided in Fifth Schedule	Applicable Accounting and Financial Reporting Standards
1.	<b>Public Interest and Large Sized Company licensed / formed under Section 42 and Section 43 of the Ordinance</b>	A non-listed company licensed / formed under Section 42 and Section 43 of the Ordinance, which is : a) having annual gross revenue (grants/income/subsidies/donations) including other income/revenue of Rs. 200 million and above; b) a public sector company as defined in the Public Sector Companies (Corporate Governance) Rules, 2013; c) a public utility or similar company carrying on the business of essential public service; d) holding assets in a fiduciary capacity for a broad group of outsiders, such as a bank, insurance company, securities broker/dealer, pension fund, mutual fund or investment	International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and as notified by the Commission.



		banking entity;  e) in the process of filing its financial statements with the Securities and Exchange Commission of Pakistan (SECP) or other regulatory organization for the purpose of issuing any class of instruments in a capital market.	
2.	<b>Small and Medium Sized Company licensed / formed under Section 42 and Section 43 of the Ordinance</b>	A company which has annual gross revenue (grants/income/subsidies/donations) including other income/revenue less than Rs.200 million.	<p>International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by IASB as adopted in Pakistan by council of Institute of Chartered Accounts of Pakistan.</p> <p>A Small and Medium-Sized Company licensed / formed under Section 42 and Section 43 of the Ordinance with appropriate disclosure in its financial statements may have option to adopt the following:</p> <p>(i)The revaluation model included in the International Accounting Standard 16 'Property Plant and Equipment', and,</p> <p>(ii)The capitalizing of borrowing costs as permitted by the International Accounting Standard 23 'Borrowing Cost'</p>

2. The accounting and financial reporting standards criteria followed for above classes of non-listed companies shall be based on previous year's audited financial statements. Each class of companies as mentioned above shall comply with the requirements of this Notification for annual financial period beginning on or after January 01, 2015.

3. All other companies including foreign companies, which do not fall in any category as stated above, shall follow International Financial Reporting Standards as issued by International Accounting Standards Board and notified by the Commission.

4. The Commission may upon an application made to it, through an order in writing, grant exemption to any company or any class of companies from compliance with all or any of the requirements of the aforesaid Standards.

5. The Commission also appreciates the Non-Listed Companies to follow the IFRS Notified by the Commission for the preparation of financial statements, which are otherwise required to follow the IFRS for SMEs or AFRS for SSEs issued by ICAP. Similarly, the Small Sized Companies are also encouraged to follow IFRS for SMEs that are otherwise required to follow AFRS for SSEs issued by ICAP.

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*10/9/15*

(Bushra Aslam)  
Secretary to the Commission