

# PRESS RELEASE

## SEC Notifies Revised Fourth Schedule to the Companies Ordinance

**ISLAMABAD – July 27, 2004:** The Securities and Exchange Commission of Pakistan (SEC) has notified the revised Fourth Schedule to the Companies Ordinance, 1984 (Companies Ordinance) to bring it in line with International Accounting Standards (IAS) and accounting disclosure practices the world over. The Schedule lays down the requirements as to balance sheet and profit and loss account of listed companies and comprises of three parts. Part I contains the definitions and general requirements while Part II and Part III contain the requirements for balance sheet and profit and loss account respectively.

The SEC has directed all listed companies, whose financial year closes on or after notification date, to prepare their annual financial statements in accordance with the revised Fourth Schedule.

While the provisions of the schedule have been revamped and simplified, the new schedule continues to allow companies to select and adopt the actual form of Balance Sheet and Profit and Loss account which best suits the circumstances.

Salient features of the amendments include the following:

- In Part-I of the revised schedule, several definitions have been modified/deleted for clarity and better understanding while obsolete information has been deleted for the sake of comprehension of the subject.
- In Part-II, requirements as to Balance Sheet, certain items have been introduced under the head Fixed Assets whereas certain other disclosures have been deleted which have been comprehensively covered under various IAS.
- Disclosure requirements for Long Term Investments have been restructured and rearranged. Some of the disclosures related to Long Term Loans and Advances have been deleted and various other modifications have been introduced to

enhance the scope and to bring the overall disclosure requirement in line with IAS 32. Certain requirements under the head Long-Term Deposits and Prepayments in the old Fourth Schedule, binding the companies to defer the expenditure for a maximum period of five years have been deleted.

- In order to bring the disclosure requirements under the head Current Assets in line with IAS 2 and 32, some of the disclosures have been deleted and several others have been modified. Disclosures related to Share Capital and Reserves that are covered comprehensively in IAS 1 have been deleted and some other modifications to the disclosure have been introduced. Further, the section Surplus on Revaluation of Fixed Assets has been rephrased for simplicity and better presentation.
- Under the head Non-Current Liabilities, Current Liabilities and Contingencies and Commitments, major sections/subsections have been deleted since most of them have been extensively covered under IAS 32 and IAS 37. Disclosure requirements related to Current Liabilities have been covered under this IAS. Others have been simplified and comprehended for better presentation.
- In PART-III, Requirements as to Profit and Loss Account, several definitions have been modified/deleted either to provide additional disclosures or for clarity and better understanding. Obsolete information has been deleted for the sake of comprehension of the subject. Moreover, certain disclosures that have been covered under IAS have been deleted to avoid duplication.

The revised schedule which has been modified through S.R.O No. 589(I)/2004 dated July 5, 2004 is also available at the SEC website [www.secp.gov.pk](http://www.secp.gov.pk).