



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Strategy, Development and External Relations Department

Press Release

SECP holds stakeholders' conference on cost accounting for the fertilizer industry

ISLAMABAD, February 7: The Securities and Exchange Commission of Pakistan (SECP) held a stakeholders conference on the Fertilizer Industry (Cost Accounting Records) Order, 2011 (Order) in Islamabad. All the major participants of the fertilizer industry were present at the conference in addition to representatives from the Competition Commission of Pakistan.

The participants appreciated the SECP's initiative to interact directly with the industry and after thorough deliberation, decided that the Order may be published in the official gazette with certain amendments in the annexed schedules. The suggestions made during the conference were noted and the final Order, which shall be applicable for the financial year commencing on or after July 1, 2012, will be placed before the Commission for its approval.

Fertilizer companies are required to maintain cost accounting records including all particulars relating to utilization of material, labour or other inputs of items of cost, etc. The draft was issued in exercise of powers conferred by Clause (e) of Sub-section (1) of Section 230 read with Section 246 of the Companies Ordinance, 1984, and Section 40(B) of the Securities and Exchange Commission of Pakistan Act, 1997.

The cost audit mechanism acts as a measure of efficiency as well as performance and cost audits can provide relevant/credible cost and revenue data to the stakeholders to support their decisions. It can serve as an important tool for effective enterprise governance, competitiveness and strengthening the regulatory mechanism.

The conference was held in pursuance of the SECP's policy to take on board the stakeholders during the law-making process and in light of its intention to foster efficiency and investment by eliminating outdated restrictions and promoting sustainable growth.

Earlier, the SECP had developed, issued and notified, for the information of all persons likely to be affected, the draft Order through its SRO 852/I/2011 for the chemical fertilizer industry to facilitate maintenance of records by the companies engaged in production and manufacture of fertilizer. Subsequently, the comments of the stakeholders including Institute of Chartered Accountants of Pakistan (ICAP) were addressed in the revised draft and were on the SECP website.

The SECP reiterated that the cost audit mechanism should be taken up both in letter and spirit as it is not punitive in nature. It is rather suggestive and derives its force from the maxim, 'prevention is better than cure'.

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