



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Press Release

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For immediate release

SECP issues guidelines for quality companies

ISLAMABAD, November 14: The Securities and Exchange Commission of Pakistan (SECP) has issued guidelines for companies and their directors for quality reporting of financial statements regarding matters affecting going concern ability of a company.

Going concern assumption is applied in cases where a company faces difficult financial, economic or operating conditions which may endanger its existence. The directors are required to perform a comprehensive circumstantial analysis of the company and make appropriate disclosures in financial statements to enable shareholders to make informed decisions about their investment.

It is a fundamental accounting principle used in preparation of financial statements which implies that a company shall continue in business for a foreseeable future.

It has been noted over the years that going concern reporting is not given due attention by the companies and at times even by their auditor. In this context, it was considered necessary to issue these guidelines.

These guidelines are compilation of presently applicable requirements of the Companies Ordinance, 1984. The objective is to assist companies' management/directors in making assessment of going concern assumption as a basis of accounts preparation and to make appropriate reporting in the financial statements, leading to optimum financial statement transparency.

Major areas covered by the guidelines include responsibilities of directors in carrying out going concern assessment, requisite disclosures under different financial reporting frameworks, documentation requirements, auditor's responsibilities while evaluating directors' assessment, different kind of audit opinions and basis of preparation of accounts on other than going concern basis.

These guidelines may be downloaded from SECP website.