

Apr 16, 2002

SEC Imposes Fine on Mr. Abdul Ghafoor, a Practicing Chartered Accountant, for Violation of Mandatory Requirements of the Companies Ordinance, 1984

The Securities and Exchange Commission of Pakistan (SEC) has imposed a fine of Rs. 4,000/- on Mr. Abdul Ghafoor, a practicing chartered accountant conducting his business from Peshawar under the name Ghafoor & Co. Mr. Ghafoor has also been issued a warning to perform his duties with a reasonable degree of care and skill in future.

Mr. Ghafoor conducted the audit of a listed company for the year ended June 30, 2000. An examination of the accounts of the company by SEC revealed that the audit report signed by Mr. Ghafoor was not on the prescribed Form 35-A which had earlier been notified by SEC. It was further observed that Mr. Ghafoor did not point out to the shareholders that the company had not complied with several requirements of the Companies Ordinance, 1984 and the International Accounting Standards (IAS) in regard to the preparation of financial statements. Thus, Mr. Ghafoor himself violated mandatory provisions of the Companies Ordinance, 1984.

As Mr. Ghafoor admitted his default, the Enforcement Division of SEC, has imposed a fine of Rs. 2000/- each under Section 260 of Companies Ordinance, 1984 and Rule 35 of the Companies (General Provision and Forms) Rules, 1985.

It may be recalled that in order to improve quality of disclosure by listed companies, the Securities Commission recently issued directives regarding periodic rotation of auditors of listed companies, debarring of auditors from performing audits of listed companies for three (3) years, if found guilty of professional misconduct, and disallowing auditors of a company to get other assignments from the same company.