



Securities and Exchange Commission of Pakistan Internal & External Communication Unit

PRESS RELEASE

FOR IMMEDIATE RELEASE

ISLAMABAD – OCTOBER 14, 2008: The Securities and Exchange Commission of Pakistan (SECP) has issued the Companies Cost Accounting Records (General Order), 2008. Following is the text of the Order:

S.R.O /1/2008:- In exercise of powers conferred by clause (e) of sub-section (1) of section 230 read with section 246 of the Companies Ordinance, 1984 (XLVII of 1984), and section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLVII of 1997), the Securities and Exchange Commission of Pakistan is pleased to make the following orders; namely:-

1. Short title, application and commencement:-

- (1) This order may be called the Companies Cost Accounting Records (General Order), 2008.
- (2) This order shall apply to companies engaged in production, processing, manufacturing or mining activities as specified in sub-paragraph (3) below. However, those classes of companies for which special orders have been issued as at the date of this notification shall continue to be governed under their respective orders, except as provided otherwise in paragraph 4 below.
- (3) This order shall be applicable to all companies engaged in the following industries from the financial year commencing on or after October 1, 2008.
 - 1 fertilizer,
 - 2 thermal energy,
 - 3 petroleum refining
 - 4 natural gas, and
 - 5 polyester fiber

2. Maintenance of records:- The company to which this order applies shall keep such cost accounting records including all particulars relating to utilization of material, labor or other inputs or items of cost as would be necessary to comply with the requirements in Appendix III of the Companies (Audit of Cost Accounts) Rules, 1998. The cost accounting records shall be kept in such a manner and in such detail as to make it possible for the auditor to audit the same and to produce his report as required under the law.

3. Obligation under the law:- Each company to which this order applies will be required to (a) have a cost audit conducted as at the end of each year, through an independent firm of cost or chartered accountants and;

(b) produce a reconciliation of the cost accounts with the audited financial accounts. To comply with the requirements of paragraph 15 of appendix III of the Companies (Audit of Cost Accounts) Rules, 1998.

4. Circulation and distribution of reports:- (1) Each company which falls within the industry specified in paragraph 1(3) above, shall be required to circulate the cost auditor's report to directors prescribed in sub-rule (3) of Rule 4 of the Companies (Audit of Cost Accounts) Rules, 1998 together with the Reconciliation stipulated in 3(b) above within six months of the close of the financial year to members, directors and shareholders of the Company, the Commission and the Registrar concerned. Such reports may be disseminated to its shareholders by posting the same on the company's website within six months of the close of financial year. The cost audit report shall not be required to be printed and it shall be permissible to circulate photo-copies thereof.

(2) Every company in respect to which a special order has been issued by the Commission prior to this notification, that is to say companies engaged in production of cement, vegetable ghee and sugar industries shall be required to comply with the requirements of this paragraph and paragraph 2 and 3 above.

(3) It shall be the duty of every person referred to in sub-section (7) of Section 230 or sub-section (2) of section 246 of the Companies Ordinance, 1984 (XLVII of 1984), to comply with the provisions of this order in the same manner as they are liable to maintain books of financial accounts required under section 230 of the said Ordinance.

Sd.

Imran Ghaznavi (Head of Internal & External Communications/Official Spokesman)