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The appellate bench of the SEC has dismissed an appeal filed by Mr. Mehmood Ali Khan and Mr. Nasim Akhter, chartered accountants, against the order of Executive Director(E & M), SEC.

The appellate bench of the Securities and Exchange Commission of Pakistan (SEC) has dismissed an appeal filed by Mr. Mehmood Ali Khan and Mr. Nasim Akhter, chartered accountants based in Karachi, against the order of Executive Director, Enforcement and Monitoring, SEC. The Executive Director had imposed a fine on them for violation of rules and had also recommended to the Institute of Chartered of Accountants of Pakistan (ICAP) to take action against them for negligence in the performance of their duties.

Mr. Mehmood Ali of M/s Mehmood Zuberi and Co., Chartered Accountants was appointed as auditor of a listed company for the year ended 31-12-2000 in place of a firm which was removed from the office of the auditors. The Enforcement and Monitoring Division of SEC, during examination of the financial statements of the Company noticed that the auditor's report was signed by Mr. Nasim Akhter, whereas Mr. Mehmood Ali is the sole proprietor of M/s Mehmood Zuberi and Co., Chartered Accountants as per Form-29 available with the Company Registration Office. This was found to be in contravention of sub-section(1) of Section 257 of the Ordinance which requires that only the person appointed as auditor of the company, or where a firm is so appointed only a partner in the firm practicing in Pakistan, shall sign the auditor's report.

Dismissing the appeal the Appellate Bench held that the Appellants did act in contravention of Section 257(1) of the Ordinance for which a penalty of Rs.2000/- as provided under Section 260(1) ibid was rightly imposed by the Executive Director, Enforcement and Monitoring.