

Press Release

SEC Chairman for Adoption of IFRS in True Spirit

Islamabad – August 2, 2005: The Chairman, Securities and Exchange Commission of Pakistan (SEC), Dr. Tariq Hassan has urged across the board adoption of the International Financial Reporting Standards (IFRS) in order to bring transparency in the corporate sector in Pakistan.

“What we seek in transparency is the ability of an investor to “see through” a company’s financial statements, the true results of its operations. Transparency requires that companies follow Generally Accepted Accounting Principles (GAAP) in a manner that assures consistency and comparability. The best way of achieving this is to observe and adopt IFRS in its true spirit,” Dr. Hassan said while speaking at a seminar on IFRS organised by the Institute of Cost and Management Accountants of Pakistan in Islamabad today.

The SEC Chairman expressed the need of concerted efforts to address the lack of transparency and accountability in the corporate sector as well as the financial reporting requirements emanating from increased globalization of capital markets. The accountancy profession, he said, had to appropriately respond to the increasing demand for information from a range of stakeholders in the corporate sector.

Dr. Hassan said that Pakistan had adopted 38 out of 41 International Accounting Standards issued by the International Accounting Standards Board for application by listed companies. Besides, he informed that several other initiatives have been taken to improve financial reporting and transparency by companies in Pakistan.

“Code of Corporate Governance, issued by the SEC in March 2002, lays down a valuable mechanism for ensuring transparency and accountability in the affairs of companies, while the SEC carries out regular examination of financial statements of listed companies and NBFCs to ensure adequacy of disclosures, monitor compliance with applicable laws and regulations, and discourage unauthorized transactions, Dr. Hassan maintained.

The SEC Chairman urged accountability of those at the helm of corporate affairs, the need of which has emanated from the changing and increasingly complex business environment, particularly after the onset of WTO regime and technological revolution.

As with all other sectors, the accountancy profession in Pakistan will also have to gear up to these challenges by improving upon the work quality, ethical standards and general practice of their profession to in order to obtain international recognition and mobility. “Most importantly, we need to contribute, internationally, to the standard setting process,” Dr. Hassan concluded.

Earlier, Mr. Abbas Ali Mirza, Partner Deloitte Touche Tohmatsu, gave a detailed presentation on IFRS.