REGISTERED No. M - 302 / L.-7646

The Gazette of Pakistan

EXTRAORDINARY
PUBLISHED BY AUTHORITY

ISLAMABAD, TUESDAY, MARCH 29, 2022

PART II

Statutory Notifications (S.R.O.)

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN

NOTIFICATION

Karachi, the 4th March, 2022

PUBLICATION OF FINDINGS AND DECISION OF THE COUNCIL UNDER SECTION 201 OF THE CHARTERED ACCOUNTANTS ORDINANCE, 1961

S. R. O. 466(I)/2022.—It was noted that a practicing member of the Institute failed to address the following irregularities in the audit report while carrying out the audit of financial statements of a Private Limited Company for the year ended June 30, 2014 resulting in non-compliance with the requirements of relevant laws/regulations including the Companies Ordinance, 1984 and the International Standards on Auditing (ISAs):

- Directors of the Company leased out three shops to the Company for Rs. 4 million, Rs. 12 million and Rs. 28 million and the aforesaid properties were taken on the Company's books without registration of right to use with the relevant authority and the registration was subsequently denied by the authority.

Price : Rs. 5.00

[7474(2022)/Ex. Gaz.]

The above properties were appearing in the financial statements of the Company for the year ended June 30, 2014 under the classification of 'Intangibles' without stating the disclosure regarding the fact that the Company did not possess a registered legal right over the shops with the authority i.e. the properties were not held in the name of the company, thus, resulting in violation of paragraph 6 of the Fifth Schedule to the Companies Ordinance, 1984.

- Further, the above transactions of the Company with its directors were related parties' transactions as per International Accounting Standard (IAS) 24 (Related Party Disclosures), however, the disclosures required by IAS 24 regarding transactions with related parties were not provided by the Company in the subject financial statements resulting in non-compliance of the relevant requirements of IAS 24.

In view of the above and after considering the report of the Investigation Committee, the information and evidence available on record and the submissions made by the member during his hearing along with the written submissions provided by him, the Council decided to hold the member guilty of professional misconduct under Clause (3) of Part 4 of Schedule I of the Chartered Accountants Ordinance, 1961 for not complying with the fundamental principles stated in Paragraphs 100.4(c) (Professional Competence & Due Care) and 100.4(e) (Professional Behavior) of the Code of Ethics for Chartered Accountants (May, 2008) contained in Directive 6.04 of the Institute.

The Council decided to reprimand the member under Section 20D of the Chartered Accountants Ordinance, 1961.

[Ref. No. ICAP/INV/000773/91652.]

SYED MASOOD AKHTAR,
Secretary.

PRINTED BY THE MANAGER, PRINTING CORPORATION OF PAKISTAN PRESS, ISLAMABAD.
PUBLISHED BY THE DEPUTY CONTROLLER, STATIONERY AND FORMS, UNIVERSITY ROAD, KARACHI.