

Response to the IFAC Part 2, SMO Self-Assessment Questionnaire

Member Name: The Institute of Chartered Accountants of Pakistan

Country: Pakistan

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Number	Question Title/Text/Help text	Answer	Comments
IFAC Part 2 SMO Self-Assessment			
1.	SMO 1		
1.1.	Quality Assurance Program		
1.1.1.	<i>Quality Assurance Review Program</i> In your jurisdiction is there a mandatory quality assurance review program in place for members of your organization performing audits of financial statements of listed companies?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.2.	Responsibility for Quality Assurance - Overview		
1.2.1.	<i>Responsibility for Quality Assurance</i> Within your jurisdiction, is your organization responsible for monitoring the quality of the work of your members performing audits of financial statements? Select the answer option that is most appropriate.	1 <input checked="" type="radio"/> Yes - for all audits of financial statements 2 <input type="radio"/> Yes - for all audits except	

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		<p>those of listed entities</p> <p>3○ Our organization shares responsibility for the quality assurance program with another body</p> <p>4○ No, responsibility for quality assurance for all audits rests with another body</p> <p>5○ Other (please describe)</p> <p>6○ Not applicable - no members of our organization perform audits of listed entities</p>	
1.2.6.	<p><i>Quality Assurance (Member Body) All Audits - Scope</i></p> <p>What types of engagements are included in the scope of the quality assurance review program? Select all the answer options that are appropriate.</p>	<p>1☑ Financial statement audit - listed entities (minimum requirement)</p> <p>2☑ Financial statement audit - audit of other than listed entities</p> <p>3□ Other services (e.g., review, compilation)</p> <p>4□ Insolvency</p> <p>5□ Other (please specify)</p>	
1.4.	Member - Benchmarking		
1.4.1.	Quality Control Standards and Guidance		
1.4.1.1.	<p><i>Quality Control Standards</i></p> <p>Has your organization established and published quality control standards requiring</p>	<p>1⊙ Yes</p>	<p>ICAP has revised its QCR Framework in September</p>

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	firms to implement a system of quality control in accordance with International Standard on Quality Control 1?		<p>2006. A copy of the revised QCR Framework is attached. The current QCR program only covers review of audit engagements and the firm review as per ISQC 1 is not yet introduced. ISQC 1 is currently under active consideration for adoption by ICAP. Major changes in the revised QCR Framework are as follows:</p> <ul style="list-style-type: none">- Validity of QCR report increased to two and half years from two years, with an additional time of six months (paragraph 5.1)- Coverage of at least 25% of audit partners of a firm in a review (paragraph 5.3)- Issuing the QCR report on a whole firm basis instead of a branch wise basis (paragraph 8.1)- Reviewing additional files in case one file is a “not-in-

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			accordance” before issuing the report (paragraph 7.2) - Process of short listing of audit clients before the review has been done away with (paragraph 6.1)
		2○ No	
1.4.1.3.	<i>Quality Control Standards - Name</i> State the name of the relevant quality control standards.	ISA 220	
1.4.1.4.	<i>Other Quality Control Guidance</i> Has your organization established and published other quality control guidance to assist your members to understand the objectives of quality control and to implement and maintain appropriate systems of quality control?	1⊙ Yes	
		2○ No	
1.4.1.5.	<i>Other Quality Control Guidance - Name</i> State the name of the other quality control guidance.	QCR Framework and Audit Practices Manual (APM)	APM contains practical guidance on the development of audit working papers including suggestive working paper formats, audit work programs, checklists etc.
1.4.2.	Design of the Quality Assurance Review Program		

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		2 <input type="radio"/> No	
1.4.2.7.	<i>Name of Documents</i> Please name the published document(s) that describe the scope and design of the quality assurance review program.	Quality Control Review Framework	
1.4.2.8.	<i>Location of Documents</i> Please indicate where the document(s) that include details on the scope and design of the quality assurance program can be located (e.g., provide internet address or indicate that documents are available from your organization).	http://www.icap.org.pk/QCR/QCR_INTRO.htm	
1.4.3.	Review Cycle		
1.4.3.1.	<i>Selection Approach</i> Please select the approach used to select subjects for quality assurance review. Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Cycle approach 2 <input checked="" type="checkbox"/> Risk-based approach	
1.4.3.2.	<i>Cycle Approach - Firm</i> As the audit firm is the subject of the review, please indicate the maximum number of years in the review cycle:	1 <input type="radio"/> 1 year	Paragraph 10.2 of the QCR Framework states that "Once a firm is included in the firms with satisfactory QCR rating list, it would be required to get all its office locations

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		<p>2○ 2 years 3● 3 years 4○ 4 years 5○ 5 years 6○ 6 or more years</p>	<p>reviewed after every two and half years, failing which the name of the firm would be removed from the list of satisfactory ratings, after the expiry of six months after two and half years. In case where there is a delay due to some genuine reason or urgent engagements of the firm, additional time may be allowed by the Board."</p>
1.4.3.6.	<p><i>Risk-based Approach</i> Please indicate the risk factors used to determine which firms or partners are reviewed. Select all the answer options that are appropriate.</p>	<p>1☑ Number of listed entity clients</p>	<p>Paragraph 5.1 of QCR Framework states that "Every firm conducting audits of financial statements is required to undergo a QCR organized by the Board after every two and half years. However, an earlier review may be required under special circumstances. These circumstances may include cases where a member is</p>

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		<p>2<input checked="" type="checkbox"/> Number of entities considered to be of public interest</p> <p>3<input checked="" type="checkbox"/> Past results of quality assurance reviews</p> <p>4<input type="checkbox"/> Failure to meet Continuing Professional Development requirements</p> <p>5<input type="checkbox"/> Independence violations</p> <p>6<input type="checkbox"/> Previously identified deficiencies in the design of, or compliance with the firm's system of quality control</p> <p>7<input checked="" type="checkbox"/> Other (please describe)</p>	<p>found guilty of professional misconduct by SECP or the Institute, or when a Financial Statements Review (FSR) of the Institute indicates need for such review in accordance with the FSR framework, or any other circumstances, that in the opinion of the Board warrants earlier review, in the public interest."</p>
1.4.4.	Implementation of the Quality Assurance Program		
1.4.4.1.	<p><i>Date of Implementation</i> On what date did the quality assurance review program commence? (provide month/year)</p>	2/1/1999	

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1.4.4.2.	<i>Number of Reviews - 2005</i> How many quality assurance reviews were completed during the year ended December 31, 2005 (or other 12 month period ending in 2005)?	27	
1.4.4.3.	<i>Number of Reviews - 2004</i> How many quality assurance reviews were completed during the year ended December 31, 2004 (or other 12 month period ending in 2004)?	42	
1.4.4.4.	<i>Number of Reviews - 2003</i> How many quality assurance reviews were completed during the year ended December 31, 2003 (or other 12 month period ending in 2003)?	92	
1.4.5.	Quality Assurance Review Team Procedures		
1.4.5.1.	<i>Publication of Review Guidelines</i> Does your organization publish guidelines for procedures to be followed by quality assurance review teams?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.4.5.2.	<i>Name of Guidelines</i> State the name of the published document(s)	Quality Control Review	

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	that include the procedures required to be followed by quality assurance review teams.	Framework and Quality Control Review Checklist	
1.4.5.4.	<i>Location of Guidelines</i> How can the document(s) that include the procedures required to be followed by quality assurance review teams be located (e.g., provide internet address or indicate that documents are available from your organization)?	http://www.icap.org.pk/QCR/QCR_INTRO.htm	
1.4.5.5.	<i>Content of Guidelines</i> SMO 1 requires that the procedures to be performed during the quality assurance review include: a. An assessment of the system of quality control relating to audits of financial statements of listed entities (minimum requirement) b. Sufficient review of the quality control policies and procedures and reviews of engagement working papers to evaluate: - The functioning of that system of quality control, and compliance with it; and - The compliance with professional standards and regulatory and legal requirements in respect of audits of financial statements c. Review of engagement working papers	1⊙ Yes	

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	<p>d. Specific requirements regarding documentation of the review</p> <p>Does your quality assurance review program include requirements for all of these procedures?</p>	2○ No	
1.4.5.7.	<p><i>Review of Engagement Working Papers</i> SMO 1 requires procedures to be performed for the review of engagement working papers, including the evaluation of:</p> <ul style="list-style-type: none"> - The existence and effectiveness of the system of quality control implemented by the subject of the review; - Compliance with professional standards and regulatory and legal requirements in performing the engagement; - The sufficiency and appropriateness of evidence documented in the working papers; and - Whether the auditor's reports are appropriate in the circumstances. <p>Does your quality assurance review program include requirements for all of these procedures?</p>	1⊙ Yes	
		2○ No	
1.4.5.9.	<p><i>Documentation</i> Do the procedures to be performed by the</p>	1⊙ Yes	

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	<p>quality assurance review team require documentation:</p> <ul style="list-style-type: none"> - of evidence supporting the quality assurance review report; and - that establishes that the quality assurance review was carried out in accordance with the established guidelines. <p>Are both of these requirements included in the quality assurance review program?</p>	2○ No	
1.4.6.	The Quality Assurance Review Team		
1.4.6.1.	<p><i>Skills and Competence</i></p> <p>Members of the quality assurance review team should have the necessary competencies to perform expected work. As required by SMO 1, these competencies should include:</p> <ul style="list-style-type: none"> - Appropriate professional education - Relevant professional experience - Specific training on performing quality assurance reviews <p>Does the quality assurance review program require members of the quality assurance review team to have all three of these competencies?</p>	1⊙ Yes	
		2○ No	

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1.4.6.9.	<i>Size of Quality Assurance Review Team</i> Please estimate the average number of reviewers included on a review team.	2	
1.4.7.	Quality Assurance Confidentiality - QA Review Team		
1.4.7.1.	<i>Exemption for QA Reviewers</i> Does your organization exempt members from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews?	1 <input type="radio"/> Yes	The Federal Government on the recommendation of ICAP, is currently in the process of making the necessary legislative changes, which would exempt members from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews.
		2 <input checked="" type="radio"/> No	
1.4.7.2.	<i>Exemption for QA Reviewers Follow Up</i> Please explain why your organization does not exempt reviewers from professional client confidentiality requirements concerning audit engagement working papers for the purpose of quality assurance reviews?	The Federal Government on the recommendation of ICAP, is currently in the process of making the necessary legislative changes, which would exempt members from professional client confidentiality requirements concerning audit engagement	This question, in our opinion require a little change. Reviewers in the first line be replaced with members.

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			working papers for the purpose of quality assurance reviews.
1.4.7.3.	<i>Confidentiality Requirements</i> Is the quality assurance review team required to follow professional confidentiality requirements similar to those established for professional accountants performing audits of financial statements?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.4.8.	Ethical Requirements and QA Review Team		
1.4.8.1.	<i>Fundamental Principles</i> Are the fundamental principles set out in the IFAC Code of Ethics (relevant national ethical requirements) considered in relation to the quality assurance review team's conduct of a review?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.4.8.3.	<i>Consideration of Independence</i> Quality assurance review team members are expected to be independent of the member (i.e., the accountant or firm being reviewed) and the member's clients selected for review. Do those who select and approve a review team determine whether the independence of the quality assurance review team leader and each member of the quality assurance review team has been reasonably assured?	1 <input checked="" type="radio"/> Yes	

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		2○ No	
1.4.8.5.	<p><i>Reciprocal Reviews</i> Where the review is performed by team members from a single firm (e.g., a "peer review"), please indicate whether firms are permitted to perform reciprocal quality assurance reviews.</p>	<p>1○ Yes, reciprocal reviews are permitted</p> <p>2○ No, reciprocal reviews are not permitted</p> <p>3⊙ Not applicable - peer review is not used</p>	
1.4.9.	Reporting		
1.4.9.1.	<p><i>Quality Assurance Review Report</i> Is the quality assurance review team leader required to issue a written quality assurance review report to the reviewed firm or partner upon completion of each quality assurance review assignment?</p>	<p>1⊙ Yes</p> <p>2○ No</p>	
1.4.9.3.	<p><i>Contents of Report</i> As required by SMO 1, the quality assurance review report should include the following elements:</p> <ul style="list-style-type: none"> - The review guidelines (referred to in Question 1.4.5.1) utilized by the quality assurance review team. - Recommendations for areas of improvement at both firm wide and engagement level. 	1○ Yes	

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	Does the quality assurance program require both of these elements to be included in the report?	2 <input checked="" type="radio"/> No	
1.4.9.4.	<i>Content of Report Follow Up</i> Please explain why one or more of the required elements of the quality assurance review report has not been included.	Currently, recommendations only cover areas for improvement at engagement level. However, ICAP is in the process of adopting ISQC 1, after which the QCR process would also include recommendations for improvement at firm level as well.	
1.4.9.5.	<i>Contents of Report - Firm</i> As required by SMO 1, the quality assurance review report should include the following conclusions: - Whether the firm's system of quality control has been designed to meet the requirements of the applicable quality control standards; - Whether the firm has complied with its system of quality control during the period under review; and - Reasons for reaching negative conclusions on either or both of the above.	1 <input type="radio"/> Yes	

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	Does the quality assurance program require all of these elements to be included in the report?	2 <input checked="" type="radio"/> No	
1.4.9.7.	<i>Contents of Report Follow Up</i> Please explain why any element required by SMO 1 to be included in the quality assurance review report has not been included.	ICAP is in the process of adopting ISQC 1, after which the QCR process would also include recommendations for improvement at firm level as well.	
1.4.9.8.	<i>Response to Reporting</i> Is the subject of the review required to provide a timely written response to the recommendations and conclusions of the quality assurance review report, including planned actions and expected time of completion or implementation?	1 <input checked="" type="radio"/> Yes 2 <input type="radio"/> No	
1.4.9.10.	<i>Reporting to the Public</i> Does your organization prepare and make available to the public (and upon request from regulatory authorities) an annual report summarizing the results of the quality assurance review program?	1 <input checked="" type="radio"/> Yes	The Institute publishes on its website at http://www.icap.org.pk/QCR/QCR_LIST.htm the list of audit firms with a satisfactory QCR rating. The Securities and Exchange Commission of Pakistan (SECP)

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		2○ No	has directed companies listed on all stock exchanges to appoint only those audit practices, which have a satisfactory QCR rating, as their auditors.
1.4.10.	Corrective and Disciplinary Actions		
1.4.10.1.	<i>Corrective Actions Required</i> Does your organization require each of its members to make appropriate corrections to its system of quality control, or in its compliance with policies and procedures?	1⊙ Yes 2○ No	
1.4.10.3.	<i>Disciplinary Actions</i> If one of your members subsequently fails to demonstrate compliance with professional standards and regulatory and legal requirements, do you take appropriate disciplinary action?	1⊙ Yes 2○ No	
1.4.10.5.	<i>Linkage with Disciplinary Actions</i> Does your organization clearly establish a link between less than satisfactory results of quality assurance reviews and the initiation of corrective and disciplinary actions under its disciplinary system?	1⊙ Yes 2○ No	

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2.	SMO 2		
2.1.	<p><i>MB Membership Requirements</i></p> <p>Which of the following are required for individuals to be admitted as members in your organization? Select all the options that are appropriate.</p>	1 <input checked="" type="checkbox"/>	<p>Complete a program of professional accountancy education</p> <p>The Education Schemes of the Institute currently in operation are Modular in nature and comprise of six modules:</p> <p>Foundation Stage: Modules A & B Intermediate Stage: Modules C & D Final Stage: Modules E & F</p> <p>Students are required to pass Foundation, Intermediate and Final Examinations of the Institute, and undergo stipulated training period with a CA firm / Training Organization before being eligible to become members of the Institute.</p> <p>EDUCATION SCHEMES</p> <p>1. Modular Full Time Course Scheme</p>

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			<p>The first Scheme referred to as Modular Full Time Course Scheme (covering Foundation and Intermediate Modules A, B, C and D) is based on full time education at the Institute's approved colleges called Registered Accounting Education Tutors (RAETs) and is the only route available to HSC/A level Certificate holders. The RAETs are located in most of the major cities of Pakistan and are run by Chartered Accountants. On passing the Intermediate exams the student would be able to seek a training contract with an authorized firm of Chartered Accountants / Training Organisation for a period of 3 ½ years during which period the trainee student will be required to take the Final level exams. ICAP, generally advises all students, including Bachelor degree holders to take this route in their own interest, particularly if they</p>

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			<p>have not been introduced to the various subjects covered in the syllabus of the afore stated modules.</p> <p>2. Private Graduate Course Scheme</p> <p>The second Scheme, known as the Private Graduate Scheme, is meant for minimum Second Division Bachelor Degree holders who may desire to study privately and not on a full time basis for the Foundation and Intermediate Modules. Such entrants acquire knowledge for modules A to D through focused study material specially developed by ICAP's authorized study developers. On passing the Intermediate exams the student are able to seek a training contract for a period of 3 ½ years, with a firm of Chartered Accountants / Training Organisation duly approved for training of</p>

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			<p>students and during this period the trainee student is required to take the Final level examinations.</p> <p>3. Direct Graduate Trainee Scheme (Two Schemes)</p> <p>The third and the fourth Schemes are also meant for Bachelor degree holders. Students with Second division may be registered in the third stream while those holding a First Division in the fourth stream. The only difference between the third and the fourth stream is that the First Division degree holders are not required to take the Pre-Entry Proficiency Test. Students of these two streams can enter into training contracts directly with an authorized firm of Chartered Accountants / Training Organisation for a period of five years. Students who have completed</p>

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			<p>4 years graduation program from any of the authorized universities or 3 years graduation program from a foreign university and joined training under these schemes are required to complete four years training period.</p> <p>4. Post Graduate Trainees Scheme</p> <p>The fifth Scheme is called the Post Graduate Trainee Scheme and is open to first and second division holders. Such trainees are exempted from Pre-Entry Proficiency Test and may also be given credits in certain papers of the Foundation Exam only. The period of training in firms of Chartered Accountants for such students is four years.</p> <p>Students of the third, fourth and fifth streams also acquire knowledge through study material and coaching classes as mentioned for the second</p>

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			<p>stream. They can also refer to specially developed study material for Modules E and F and recommended reading is also available for Module E and F.</p> <p>In all schemes students / candidates may also be given some credits in certain papers of the Foundation Exam only.</p>
		<p>2 <input checked="" type="checkbox"/> Complete a practical experience requirement</p> <p>3 <input checked="" type="checkbox"/> Complete a final assessment of the individual's professional capabilities and competencies</p> <p>4 <input type="checkbox"/> None of the above</p>	
2.2.	<i>Continuous Professional Development</i> Is there a requirement for your members to develop and maintain competence through continuous professional development (CPD)?	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
2.3.	Professional Accountancy Education		
2.3.1.	<i>Professional Accountancy Education Program</i> Who delivers the professional accountancy education program for your members?	1 <input type="checkbox"/> Our organization	

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	Select all the answer options that are appropriate.	2 <input type="checkbox"/> Another IFAC member body 3 <input type="checkbox"/> Universities 4 <input checked="" type="checkbox"/> Approved training institutions 5 <input type="checkbox"/> Government bodies 6 <input type="checkbox"/> Other organizations	
2.3.2.	<i>Describe Other Organizations</i> Where your response in question 2.3.1 indicates another IFAC member body, universities, approved training institutions, and / or other organizations deliver the professional accountancy education program, describe these organizations and their legal authority to deliver the program. (Include the name of the other IFAC member body where relevant).	ICAP approved Registered Accounting Education Tutors (RAETs) are authorized to conduct Modular Full time Course classes for Foundation and Intermediate level students of ICAP. They have to fullfil a set of requirements as laid down by ICAP.	Requirements for RAETs to be approved by ICAP 1. INTRODUCTION In fulfillment of its role the Institute of Chartered Accountants of Pakistan promotes the development of private accounting education tuition centres to conduct courses pertaining to Chartered Accountancy Studies. In pursuance of that policy the undermentioned Standards have been developed for the conduct of Modular Full -time Course (MFC) classes, to be conducted by tuition centres registered by ICAP on a Panel list and to be named as

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			<p>Registered Accounting Education Tutors (hereinafter referred as RAETs).</p> <p>2. NEW APPLICANTS</p> <p>2.1 Sponsorship/Management</p> <p>- Main Sponsor for a RAET will be a Chartered Accountant. Change of sponsorship shall not be effected without ICAP approval.</p> <p>- The Chief Executive/Principal of the RAET shall be a Chartered Accountant and he shall undertake and demonstrate to the satisfaction of ICAP that the operation / activities of the RAET shall be pursued with total commitment to the highest Standards of teaching directed towards success for students in ICAP examinations and maintain</p>

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			<p>the highest professional and ethical Standards of the profession of Chartered Accountancy.</p> <ul style="list-style-type: none">- A Sponsor, Chief Executive / Principal of an RAET involved in its day to day affairs can not hold a Certificate of Practice.- The main occupation of the RAET shall be the conduct of MFC classes. ICAP is to be informed, one month in advance, if the RAET proposes to go into any other educational activities which are to be limited to activities relevant to the accountancy profession only.- The management / administrators of the RAETs would be expected to possess a thorough knowledge of education and training bye-laws, directives and other rules / regulations prescribed

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			<p data-bbox="1496 277 1832 416">in Education and Training Publications so as the students are provided accurate advice.</p> <p data-bbox="1496 464 1688 491">2.2 Faculty</p> <p data-bbox="1496 539 1845 715">The faculty shall be professionally and suitably qualified for both professional and academic support subjects.</p> <ul style="list-style-type: none"><li data-bbox="1496 762 1868 858">- The RAET shall have experienced and competent faculty.<li data-bbox="1496 906 1883 1193">- List of faculty members shall be submitted to ICAP indicating subjects to be taught and including signed commitments from faculty members at the time of application for Registration.<li data-bbox="1496 1241 1868 1380">- Faculty members for core subjects i.e. Accounting, Auditing and Taxation shall be Qualified Accountants

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			<p>preferably with teaching experience.</p> <ul style="list-style-type: none">- For non-core subjects the faculty members shall possess at least a Master's Degree or should be professionals qualified in their respective subjects with minimum teaching experience of five years at graduate college level.- For Information Technology an MSc in Computer Science or equivalent degree from a recognized University with two years teaching experience at graduate level.- No faculty member shall teach more than three subjects at MFC either at the same or any other RAET.- Every RAET shall promptly inform of any changes in the faculty and submit a signed confirmation

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			<p>from the new faculty member.</p> <ul style="list-style-type: none"> - Adequate provision to be made to cover for absences of the faculty members. - A faculty development plan should be in place to ensure teaching staff are up to date in their knowledge and skills. - Faculty members shall not be involved directly or indirectly in private tuition of any MFC students. <p>2.3 Teachers Resource Material and Student Study Material</p> <ul style="list-style-type: none"> - Every RAET must prescribe formally developed teachers resource material and students' study material to be used for instructions and study. - The above material

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			<p>may be developed and published by the RAET or suitable outside material may be prescribed which will allow students to adequately prepare for examinations.</p> <p>2.4 Teaching Premises</p> <ul style="list-style-type: none"> - A proper educational environment must be ensured. - The premises must be spacious catering for the following requirements in a proper/suitable manner: <ul style="list-style-type: none"> • Classrooms <p>Maximum number of students in a classroom should not be more than fifty with the following facilities:</p> <ul style="list-style-type: none"> - ten square feet per student space; - adequately lit and suitably furnished; - public Address (PA)

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			<p>System if required;</p> <ul style="list-style-type: none"> - magi board / black board; - each class room shall be independent with separate entrance ie entrance to class room, shall not be through other class rooms or work areas; and - heating / air-conditioning if required and necessary. <p>Computer Laboratory</p> <p>Every RAET must have a Computer Lab with undermentioned facilities. Alternatively it could have an agreement in place with a Computer Centre on ICAP Panel List for the conduct of prescribed practical training. In the latter case a copy of the Agreement and its renewals/amendments from time to time shall be filed with ICAP.</p> <ul style="list-style-type: none"> - An air conditioned

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			<p>Computer Lab, adequately lit and suitably furnished.</p> <ul style="list-style-type: none">- One computer for every five students enrolled for Module A at RAET upto a maximum of 25 computers, to enable RAETs to provide a minimum of 90 hours of hands-on-computer training to cover the Information Technology practicals syllabus.- Printers not less than one for every eight computers. <p>Note: It is further clarified that one computer for every five students does not mean that five students are to use one computer for hands-on-practicals at one time. One computer shall be available for each student at a time. In case the number of students is more, practical training classes will obviously have to be staggered accordingly.</p>

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			<p data-bbox="1496 427 1839 459">Library-cum-reading room</p> <p data-bbox="1496 501 1861 715">Every RAET should have a library-cum-reading room to cater for needs of students admitted and adequate facilities should be available for private study.</p> <p data-bbox="1496 759 1648 791">Washrooms</p> <p data-bbox="1496 833 1856 976">Every RAET must have clean, hygienic and separate washrooms for ladies and gents.</p> <p data-bbox="1496 1018 1816 1123">2.5 Information to be Provided at the Time of Application</p> <p data-bbox="1496 1165 1883 1305">a. An application is to be submitted on Form RAET – 1 (in triplicate) alongwith the “Declaration”.</p> <p data-bbox="1496 1347 1749 1378">b. Contracts of</p>

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			<p>employment / engagement of Faculty, their qualifications, experience and subjects they would be teaching to be forwarded.</p> <p>e. Details of undermentioned facilities to be provided:</p> <ul style="list-style-type: none">-Classrooms- Computer Lab / agreed outsourced arrangement for Computer hands-on-training- Library Cum reading room- Office equipment and secretarial facilities- Washrooms <p>f. Facility Layout plan of the premises and other infra-structure and lease / rent agreement to be forwarded.</p> <p>g. Shifts and class timings be indicated.</p> <p>h. All documents are to be submitted in triplicate.</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>3. DURATION OF COURSES AND SYLLABUS</p> <p>The duration of Course and Syllabus to be covered would be as prescribed by ICAP from time to time.</p> <p>4. CLASS TIMINGS</p> <p>The RAET may run on a two shift basis and should generally adhere to the following timings:</p> <ul style="list-style-type: none">- Morning Shift 7 am to 1 pm- Afternoon Shift 1 pm to 7 pm <p>However, teaching time in a day should not be more than six hours per shift.</p> <p>5. EVALUATION AND MONITORING</p> <ul style="list-style-type: none">- ICAP

Number	Question Title/Text/Help text	Answer	Comments
			<p>appointed Appraisal / Monitoring Consultant would evaluate the applicants proposal and physically inspect the premises before submitting a report to the Education and Training Committee (ETC) with their recommendations on suitability or otherwise for registration as RAET.</p> <p>- In case the Standards / registration requirements mentioned herein are deficient, the applicant will be given time (upto a maximum of 3 months) to remove the deficiencies. At the end of that time period or when the applicant is ready, a second and final inspection will be held and reported to the ETC by the Appraisal / Monitoring Consultants.</p> <p>- The Chairman City Monitoring Committee may also visit the premises prior to approval being accorded and</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p data-bbox="1496 277 1832 379">give his recommendations and comments on the Appraisal Report.</p> <ul style="list-style-type: none"><li data-bbox="1496 427 1877 826">- Monitoring visit by ICAP appointed Monitoring Consultants would be undertaken in case of poor results at a RAET (as decided by ETC), for annual renewal of RAETs, in case of any serious complaints of students, and on any other occasion as considered necessary by ETC.<li data-bbox="1496 874 1877 1380">- In case average result of Modular Examinations for which classes were held by a RAET or in case classes were conducted for only one Module for a period of two years (four examinations of ICAP) and the results were below the average results of all RAETs for these examinations, even with a downward tolerance factor of 10%, the RAET concerned would not be allowed a fresh

Number	Question Title/Text/Help text	Answer	Comments
			<p>intake. It may continue to hold classes for the students already admitted and if the results of such students do not improve at the next ICAP examinations, the registration of the RAET concerned will be cancelled.</p> <ul style="list-style-type: none">- If an RAET does not hold MFC classes for two consecutive session, their registration as an RAET would be cancelled.- The RAETs will be required to provide information as desired by ICAP in respect of batchwise results of their students after each ICAP examination session for evaluation of the RAETs performance.- The Institute reserves the right to introduce, amend, modify any conditions / instructions and withdraw registration of a RAET in case the Standards /

Number	Question Title/Text/Help text	Answer	Comments
			<p>registration requirements are not met.</p> <p>- The fee of one student per twenty students per batch shall be earmarked in a Qurz-e-Hasna / Financial Assistance Fund for deserving and financially needy students. The fund shall be operated by RAET and would be checked during monitoring visits. A list of those given financial assistance will be provided to ICAP within two months after commencement of each course.</p> <p>6. DECLARATION</p> <p>Registration as RAET on ICAP Panel List will be given to RAETs who are willing to sign a declaration that they will comply with all</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>the Standards and registration requirements set out in this document. The “Declaration” is attached as Appendix A.</p> <p>7. ANNUAL RENEWAL OF RAET</p> <p>Annual renewal of RAET shall be made after consideration of the following factors:</p> <ul style="list-style-type: none">- recommendations of Monitoring Consultants after annual inspection;- payment of prescribed annual renewal fee;- implementation of instructions issued by the ICAP from time to time; and- examination results in respect of the students admitted at RAET. <p>8. REGISTRATION AND RENEWAL FEES</p> <p>The undermentioned fees</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>shall be payable by applicants / RAETs and may be reviewed by ICAP from time to time.</p> <p>- Rs.40,000/= for first inspection of premises for evaluation of an applicant.</p> <p>Rs.30,000/=for final inspection before registration.</p> <p>- Rs.75,000/= for registration as a RAET.</p> <p>- Fee for annual renewal of registration from July to June will be based on the number of students admitted in the preceding year (July to June) with the RAET at a rate of Rs.1000/= per student subject to a minimum of Rs.25,000/=.</p> <p>9. NAME AND STYLE OF RAET</p> <p>- The name and style of a RAET after approval by</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>ICAP will not be changed by the sponsor without getting approval of Education and Training Committee of ICAP.</p> <ul style="list-style-type: none">- The name of the establishment seeking registration as a RAET shall not include the words “INSTITUTE” and “PROFESSIONAL ACCOUNTANTS”.- Upon registration, a RAET may describe itself as an ICAP Registered Accounting Education Tutor in all advertising and promotional materials, for the conduct of Modular Full-Time Course classes only.- Advertisements and promotional material will not include claims regarding pass rates.
10.			COMMUNICATION

Number	Question Title/Text/Help text	Answer	Comments
			<p>WITH THE INSTITUTE</p> <p>The RAETs shall respond with utmost despatch to any query or explanation sought by the ICAP and it shall be the personal responsibility of the Chief Executive/ Principal that the information and any other “returns” that are required, are submitted timely and expeditiously.</p> <p>11. PENALTY FOR NON-COMPLIANCE OF ICAP REGULATIONS</p> <p>Non-compliance of any regulation and terms and conditions for registration may render the RAET to disciplinary action such as: limitation on new admissions / admissions of transfer students; holding of registration in abeyance; non-renewal of annual permission; and cancellation of registration.</p>

Number	Question Title/Text/Help text	Answer	Comments
2.3.3.	<p><i>Prof Accountancy Education Program Follow Up</i></p> <p>Please describe how your organization ensures the professional accountancy education program, delivered by the organization in response to question 2.3.1., meets the required content.</p> <p>Include in your description the specific activities your organization undertakes with regards to the necessary content requirements.</p>	<p>An annual monitoring is undertaken by hired professionals who conduct the monitoring as per the prescribed checklist as issued by ICAP.</p> <p>The renewal of RAETs is subject to the clearance received by the Monitoring Appraisal Consultants.</p>	
2.11.	IES 5 Practical Experience Requirement		
2.11.1.	<p><i>Approved Provider</i></p> <p>Section 2.11 deals with the practical experience requirement established by your organization.</p> <p>Does the practical experience requirement have to be obtained with approved providers or employers?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
2.11.2.	<p><i>Provider Characteristics</i></p> <p>Please describe the characteristics set by your organization for recognizing approved providers.</p>	<p>All approved providers have to be registered under the training regulations as prescribed by the ICAP.</p>	<p>Criteria for Training Organisation</p> <p>An organisation shall be authorized as a Training</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>Organisation (TO) if it meets with the under-mentioned criteria:</p> <p>a. it is an organisation of Members operating in Pakistan or in any other country approved by the Council;</p> <p>b. it satisfies such conditions as the Committee may determine from time to time;</p> <p>c. it pays to the Institute the authorisation fee for becoming a Training Organisation as prescribed by the Council from time to time;</p> <p>d. it has a minimum of 25 audits of which 15 must be limited companies with a minimum paid up capital aggregating to least Rs 15 million;</p> <p>e. the Training</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>Organisation has at least one Member with a minimum post qualification experience of three years as a Member in Practice or four years in other disciplines;</p> <p>f. the MRT, the partner(s), the Counseling Person(s) and the Supervisor(s) are in the opinion of the Committee abreast with professional matters to impart adequate training;</p> <p>g. Each Training Organization shall be authorized to engage up to a maximum of fifteen students per individual member / partner authorized to train students. Individual member / Partner authorized to train student may train five additional students if he is a fellow member of the Institute. Furthermore, the Training Organisation may engage ten extra students for</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>each of its partners not entitled to train students and for each member employed on full-time basis in his service. In case a member is a partner in more than one firm of chartered accountants or training organization his collective entitlement of students as a partner of all such firms shall not exceed the authorized maximum entitlement mentioned above.</p> <p>h. the Training Organisation agrees to monitoring visits by the Institute's consultants and to implement recommendations resulting from such visits;</p> <p>i. the Training Organization nominates a Member Responsible for Training (MRT) for each Training Office; and</p> <p>j. an MRT shall be based at the Training Organisation and at each</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>pertinent Training Office and:</p> <ul style="list-style-type: none">- shall be a Member who is a sole practitioner or a partner in the Training Organisation;- shall have knowledge of the Institute's schemes of education, guidelines on Training Regulations, Training Regulations, code of ethics guidelines, professional and technical issues relating to training and other areas;- shall have adequate knowledge of the Ordinance, the Bye-Laws, these Regulations, the Guidelines and the directives issued by the Council from time to time on training and shall undertake to comply with the same;- shall have the ability to advise, counsel, evaluate, motivate and provide direction to Students;

Number	Question Title/Text/Help text	Answer	Comments
			<ul style="list-style-type: none">- shall have the ability to assume the responsibility of ensuring that six monthly evaluations are made and a final evaluation based on the written submissions as recorded in the half yearly form and possibly supported by oral submissions is made; and- shall have the ability to assume the responsibility of maintenance of the records strictly as prescribed in these Regulations and/or the Guidelines, or otherwise as may be directed by the Committee from time to time. <p>In case the Training Organisation falls short of the required authorisation criteria at any time, the MRT shall forthwith inform the Committee for appropriate guidance towards remedial measures.</p>

Number	Question Title/Text/Help text	Answer	Comments
2.11.4.	<i>Length of Practical Experience</i> What is the required length of pre-qualification practical experience? Select the answer option that is most appropriate.	1 <input type="radio"/> Three years 2 <input type="radio"/> Less than three years 3 <input checked="" type="radio"/> More than three years	The length of practical experience varies depending upon the streams of entry the most common is 3.5 years.
2.11.5.	<i>Length of Practical Experience Follow Up</i> Describe the length of the practical experience requirement and what special conditions or factors were relevant in establishing the length.	Different streams of entry have different lengths of training depending upon the educational background.	Length of Practical Experience - 3 ½ Years training period for students who join training after passing Modules A to D examinations of ICAP (through MFC Scheme / PFC Scheme) - 4 years training period for students who join training after completing 4 Years Graduation Degree Programme from Universities recognized by Higher Education Commission (HEC) or 3 years Foreign Graduation degree holders or Post Graduation.

Number	Question Title/Text/Help text	Answer	Comments
			<p>- 5 years training period for students who join training after completing 2 – 3 years Graduation Degree Programme from the Universities recognized by HEC (through Direct Graduates Trainee Scheme).</p> <p>- 3 years training period for students who join training after passing all examinations of ICMA Pakistan / ACCA or CIMA (through Direct Trainee Scheme).</p>
2.11.6.	Practical Application SMO 2		
2.11.6.1.	<i>Practical Application</i> Where relevant graduate (beyond undergraduate, e.g., masters) professional education has a strong element of practical accounting application, may any portion of the professional education be contributed to the practical experience requirement?	<p>1 <input type="radio"/> Yes</p> <p>2 <input checked="" type="radio"/> No</p>	
2.11.7.	Timing of Experience		
2.11.7.1.	<i>Pre or Post Qualification Experience</i> The practical experience for accountants	1 <input type="checkbox"/> Before the professional	

Number	Question Title/Text/Help text	Answer	Comments
	may be obtained (select all the answer options that are appropriate):	<p>accountancy education program of study</p> <p>2 <input checked="" type="checkbox"/> At the same time as the professional accountancy education program of study</p> <p>3 <input checked="" type="checkbox"/> After the professional accountancy education program of study</p>	
2.11.7.2.	<i>Describe Pre or Post Experience</i> Describe the length of practical experience that may be obtained pre-qualification and / or post-qualification.	The length of Practical experience varies from 3 to 5 years depending upon the entry stream.	
2.12.	IES 5 Monitoring of Practical Experience Requirement		
2.12.1.	<i>Monitoring of Practical Experience</i> Is the period of practical experience monitored?	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
2.12.3.	<i>Monitoring Practical Experience</i> How is the practical experience requirement (or practical application) monitored and assessed? Select all the answer options that are appropriate.	<p>1 <input checked="" type="checkbox"/> Mentoring system</p> <p>2 <input type="checkbox"/> Approved training employers and organizations</p> <p>3 <input type="checkbox"/> Self-declaration required from the candidate</p> <p>4 <input checked="" type="checkbox"/> Record of the practical experience is kept and</p>	

Number	Question Title/Text/Help text	Answer	Comments
		submitted to the member body when applying for membership	
		5 <input checked="" type="checkbox"/> An assessment is made by the mentor or employer	
		6 <input type="checkbox"/> Other (please describe)	
2.13.	IES 6 Assessment of Prof Capabilities and Competence		
2.13.1.	<p><i>Assessment by IFAC Body or Other</i></p> <p>Section 2.13 deals with the final assessment requirements established by your organization.</p> <p>Select all the organizations involved in conducting the final assessment.</p> <p>If the final assessment is conducted jointly between various organizations, select all those that have some responsibility for conducting the final assessment and in the Comment Box, describe the nature of their respective roles and responsibilities.</p>	<p>1 <input checked="" type="checkbox"/> Our organization (including training entities that are affiliated with our organization or a subsidiary of our organization).</p> <p>2 <input type="checkbox"/> Another IFAC member body</p> <p>3 <input type="checkbox"/> Government or regulatory body</p> <p>4 <input type="checkbox"/> Other</p>	
2.13.4.	<p><i>Characteristics of Assessment</i></p> <p>Which of the following characteristics are applicable to the final assessment process? Select all the answer options that are</p>	1 <input checked="" type="checkbox"/> Uniform for all students	

Number	Question Title/Text/Help text	Answer	Comments
	appropriate.	<p>2 <input checked="" type="checkbox"/> Given simultaneously where it is being held in more than once location in the country</p> <p>3 <input checked="" type="checkbox"/> Assessment is set and assessed only by qualified or approved individuals</p> <p>4 <input type="checkbox"/> None of the above</p>	
2.13.5.	<i>Qualifying for Final Assessment</i> What requirements must the candidate satisfy to take the final assessment? Select all the answer options that are appropriate.	<p>1 <input checked="" type="checkbox"/> Specified pre-qualification requirements relating to professional knowledge, professional skills, and professional values, ethics, and attitudes</p> <p>2 <input checked="" type="checkbox"/> Specified practical experience requirements</p> <p>3 <input type="checkbox"/> Other (please describe)</p> <p>4 <input type="checkbox"/> None of the above</p>	
2.13.6.	<i>Timing Considerations for Final Assessment</i> Is there a requirement or restriction for completing the final assessment? For example, some organization may require the candidate to take the final examination within a specified number of years of meeting the pre-assessment requirements.	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
2.13.7.	<i>Requirement or Restrictions</i> Describe the requirements or restrictions relating to when the final assessment must	ICAP has a modular system of Final examinations Modules E and	

Number	Question Title/Text/Help text	Answer	Comments
	be undertaken.	F are the two modules students have to clear as final level examinations. Module E can be attempted after 18 months of training and Module F examination can be attempted in the last year of training.	
2.13.8.	<i>Assess Professional Knowledge</i> Describe in general terms how required professional knowledge (e.g. technical knowledge about accounting, finance, audit, financial reporting, legislative requirements, information technology etc) is assessed during the final assessment.	Professional Knowledge is assessed through written examinations which mostly consist of practical questions related to application of knowledge. For each paper, suggested solutions and marking plan are provided by the paper setters. After the examination, the solutions are finalized in a meeting between the examiners and a representative of the Institute. While finalizing the suggested solutions, the answers contained in a sample of answer scripts are also considered to know how the students have approached the questions. Alternative solutions are designed wherever necessary. During the process of marking, a	

Number	Question Title/Text/Help text	Answer	Comments
		sizeable number of answer scripts are reviewed by qualified staff of the Institute. Deviations between the various markers/examiners, if any, are taken care of, by regular discussions with the markers.	
2.13.9.	<i>Assess Professional Skills</i> Describe in general terms how required professional skills (e.g. ability to solve problems, make decisions, exercise judgment, personal skills, interpersonal and communication skills, organizational and business management skills etc) are assessed during the final assessment.	Students are required to sit for the final examinations through which the required professional skills are assessed.	
2.13.10.	<i>Assess Professional Values, Ethics, Attitudes</i> Describe in general terms how required professional values, ethics, and attitudes are assessed during the final assessment.	Through written examinations	
2.13.11.	<i>Recorded or Oral Format</i> Is the final assessment conducted through:	<p>1 <input checked="" type="radio"/> Recorded format with recorded (e.g. written) response required</p> <p>2 <input type="radio"/> Oral format with oral responses</p> <p>3 <input type="radio"/> Both recorded and oral response formats</p>	

Number	Question Title/Text/Help text	Answer	Comments
2.13.13.	<i>Assessment Formats</i> What formats are used in conducting the final assessment (select all the answer options that are appropriate)?	<input type="checkbox"/> Multiple choice questions <input type="checkbox"/> Case studies <input checked="" type="checkbox"/> Technical questions <input type="checkbox"/> Thesis <input type="checkbox"/> Other (please describe) <input type="checkbox"/> None of the above	
2.13.14.	<i>Reliability and Validity</i> Describe in general terms the procedures in place to ensure the final assessments are reliable and valid. Include a description of how the assessment questions are set and by whom and also how reviewers / assessors are selected.	The Examination Committee which consists of senior members working in profession as well as industry. The Committee responsible for authorizing appointment of paper setters as well as assessors / reviewers, based on the educational and professional background and experience of each individual. The questions are set by paper setters and reviewed by highly qualified and experienced staff which is employed by our Institute on a fulltime basis. The questions are finally selected and paper is finalized by the subject moderator who is a committee member.	<p>The papers are marked by senior members of the Institute and senior faculty members of reputed educational institutions.</p> <p>The minimum criteria is as follows:</p> <p>a) Member of ICAP or similar professional body of repute with at least 3 years post qualification experience.</p> <p>OR</p> <p>b) At least a masters degree form a recognized university with at least five years of teaching experience.</p>

Number	Question Title/Text/Help text	Answer	Comments
			<p>The above is the minimum criteria although most of the markers have significantly higher qualifications and experience. After the examination, the performance of each examiner is evaluated by the Examination Committee before finalizing the appointment for the next examination.</p>
2.13.15.	<p><i>Frequency of Final Assessments</i> How many times in a year is the final assessment offered? Select the answer option that is the most appropriate.</p>	<p>1 <input type="radio"/> Yearly (or once a year)</p> <p>2 <input checked="" type="radio"/> Half yearly (or twice a year)</p> <p>3 <input type="radio"/> Three sessions a year</p> <p>4 <input type="radio"/> Four sessions a year</p> <p>5 <input type="radio"/> Five sessions a year</p> <p>6 <input type="radio"/> Other (please describe the frequency of the examinations)</p>	
2.14.	<p>IES 7 Continuing Professional Development - CPD</p>		
2.14.1.	<p><i>Responsibility for CPD Requirements</i> Section 2.14 deals with the continuous professional development requirements</p>	<p>1 <input checked="" type="checkbox"/> Our organization</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>established by your organization.</p> <p>Who establishes the continuous professional development requirements applicable to your members? Select all the answer options that are appropriate.</p>	<p>2 <input type="checkbox"/> Another organization (state the name of the organization including whether it is an IFAC member body)</p> <p>3 <input type="checkbox"/> Law and / or regulation (state the name of the law / regulation)</p> <p>4 <input type="checkbox"/> Other (please describe)</p>	
2.14.2.	<p><i>CPD and Professional Accountants</i></p> <p>Which membership categories are required to maintain professional competence through continuous professional development? Select all the answer options that are appropriate.</p>	<p>1 <input checked="" type="checkbox"/> All our qualified members</p> <p>2 <input type="checkbox"/> Qualified members who perform audits of listed entities</p> <p>3 <input type="checkbox"/> Qualified members who perform audits of entities other than listed entities</p> <p>4 <input type="checkbox"/> Qualified members who provide services (other than audit) to the public</p> <p>5 <input type="checkbox"/> Qualified members who are</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<input type="checkbox"/> employed in business <input type="checkbox"/> Other (please describe)	
2.14.3.	Requirement - CPD		
2.14.3.1.	<i>Type of CPD Requirement</i> Which of the following answer options describes the way the continuous professional development is structured? Select all the answer options that are appropriate.	<input checked="" type="checkbox"/> Members must satisfy a number of hours of continuous professional development a year or over a number of years <input type="checkbox"/> All members are to satisfy specified content requirements (e.g. specified courses or knowledge content) <input type="checkbox"/> Members working in specialist areas or areas of high risk to the public are to satisfy specified content requirements (e.g. specified courses or knowledge content) <input type="checkbox"/> Other	
2.14.3.3.	<i>Hours of Continuous Professional Development</i> Which one of the following answer options best describes the continuous professional development hours required?	<input checked="" type="radio"/> Members have to complete a minimum of 120 hours or equivalent learning units of relevant professional development activity over a	

Number	Question Title/Text/Help text	Answer	Comments
		<p>three-year rolling period.</p> <p>2○ Members have to complete a minimum of 20 hours or equivalent learning units in each year</p> <p>3○ Other</p>	
2.14.3.8.	<p><i>Monitoring of CPD</i></p> <p>Is there a process to monitor whether your members who are qualified as professional accountants meet the continuous professional development requirements?</p>	<p>1⊙ Yes, there is a monitoring process for CPD requirements</p> <p>2○ No, there is no monitoring process for CPD requirements</p>	
2.14.4.	Monitoring of CPD Requirement		
2.14.4.1.	<p><i>Monitoring Process SMO 2</i></p> <p>Which of the following elements does the monitoring process include? Select all the answer options that are appropriate.</p>	<p>1□ Professional accountants are required to submit a declaration</p> <p>2☑ Professional accountants are required to submit evidence</p> <p>3☑ Our organization audits a sample of professional accountants to check compliance</p> <p>4□ Compliance is monitored through firm quality control standards</p> <p>5□ Compliance is monitored through a quality assurance review program</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<input type="checkbox"/> Other (please describe) <input type="checkbox"/> None of the above	
2.14.4.3.	<p><i>Sanctions SMO 2</i></p> <p>Where a professional accountant does not satisfy the CPD requirements (within a reasonable period of encouraging the professional accountant to meet the requirements), are sanctions or other non-compliance actions, such as expulsion or denial of the right to practice, imposed?</p>	<p>1 <input checked="" type="radio"/> Yes, sanctions or actions for non-compliance are imposed</p> <p>2 <input type="radio"/> No, sanctions or other non-compliance actions are not imposed</p>	<p>The CPD Committee of the Institute can recommend to the Council of the Institute to take appropriate action(s) as per CA Ordinance 1961 in case of non-compliance of this directive by members.</p>
2.14.4.4.	<p><i>Sanction Types and CPD</i></p> <p>Describe the nature and extent of the sanction, expulsions or denial of the right to practice.</p>	<p>Renewal of Practicing Certificate is subject to completion of CPD requirements.</p>	
2.15.	<p><i>Activities to Promote IESs SMO 2</i></p> <p>Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements issued by IFAC's International Accounting Education Standards Board.</p>	<p>The Institute is compliant with IESs 1 to 6 with the following exception:</p> <ul style="list-style-type: none"> Once IFAC guidelines on IES4 are received it would be considered whether to introduce these as a subject in the curriculum or through a course of interactive workshops at which the students would be assessed before they can become members of ICAP. 	<p>The Institute of Chartered Accountants of Pakistan has adopted IES 1 – 6.</p> <p>Regarding IES 4, IAESB's project to develop guidelines on Professional values, ethics and attitude on education is awaited.</p> <p>ICAP is in process of revising</p>

Number	Question Title/Text/Help text	Answer	Comments
		<p>Training Regulations and Guidelines have been approved by the Council as prepared in compliance with IES 5 and have been made effective from 1st April 2006.</p>	<p>its CPD directive on the lines of IES-7. A draft is in under consideration of the CPD Committee and subject to its approval will be presented before the Council for its final approval and the subsequent implementation, after which the IES 7 will be fully adopted.</p>
		<p>ICAP realizing the importance of CPD has setup a separate directorate and had appointed CPD Director in October 2004. A members' survey was conducted through a questionnaire to receive views and suggestions for improvements in CPD activities, as well as, their mode of conduct. In this context a comparative analysis of ICAP CPD framework with other major institutes is in progress. Mandatory CPD hours as recommended in the IES 7 has already been incorporated in ICAP's CPD Directive in 2005. Further revision of ICAP CPD Directive to make it compliant with IES 7 is under progress.</p>	<p>Annual CPD hours requirement as directed in the IES 7 has already been implemented on ICAP members from July 1, 2006.</p> <p>We are in process of adopting IES 8.</p>
		<p>To discuss the importance and impact of IES 8 on all audit</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>professionals, irrespective of the environment they work in, should have the same minimum level of competence. ICAP conducted the seminars on exposure draft of IES 8 in all major cities of Pakistan.</p> <p>All Exposure drafts are circulated to all ICAP members for their comments.</p> <p>Mr Abdul Rahim Suriya, Member IAESB developed a paper on “IFAC Education Committee – an update” which was published in the ICAP Magazine of "The Pakistan Accountant".</p>	
3.	SMO 3		
3.1.	<p><i>Auditing Standards in Law/Regulation</i></p> <p>Does law or regulation establish the set of auditing standards to be used in the audit of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the auditing standards to be used by reference to the set of standards to be used by their name</p>	<p>1 <input type="checkbox"/> Yes for audits of listed entities</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 3.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the auditing standards, please respond "no". Section 3.2. of this module includes questions about the standard-setter and the auditing standards that are established.</p>	<p>2 <input type="checkbox"/> Yes for audits of non-listed entities</p> <p>3 <input checked="" type="checkbox"/> No for audits of listed entities</p> <p>4 <input checked="" type="checkbox"/> No for audits of non-listed entities</p>	
3.2.	Responsibility for Private Sector Auditing Standards		
3.2.1.	<p><i>Auditing Standards - Private Sector</i></p> <p>Is there only one set of auditing standards or are the auditing standards applicable to listed entities different from non-listed entities?</p>	<p>1 <input checked="" type="radio"/> The auditing standards for listed entities and non-listed entities are the same set of standards</p> <p>2 <input type="radio"/> The auditing standards for listed entities and non-listed entities are not the same set of standards</p>	
3.2.6.	<p><i>Responsibility for Auditing Standards</i></p> <p>Who has the authority for establishing the</p>	<p>1 <input checked="" type="radio"/> Our organization</p>	

Number	Question Title/Text/Help text	Answer	Comments
	auditing standards for listed and non-listed entities?	<input type="radio"/> 2 Another IFAC member body <input type="radio"/> 3 Joint process between our organization and another IFAC member body or other organization <input type="radio"/> 4 Another organization	
3.3.	Member Body SMO 3		
3.3.1.	<i>MB Convergence Objective SMO 3</i> Has convergence with IAASB pronouncements been established as an objective?	<input checked="" type="radio"/> 1 Yes <input type="radio"/> 2 No	
3.3.3.	<i>MB Convergence Implemented SMO 3</i> Has the convergence objective for auditing standards been implemented?	<input checked="" type="radio"/> 1 Yes <input type="radio"/> 2 No	
3.6.	Incorporation of Auditing Standards		
3.6.1.	<i>Incorporation Approach SMO 3</i> Where your response indicates that convergence with IAASB pronouncements has been implemented, which of the following best describes the approach is used to incorporate the IAASB pronouncements into national standards? Select the answer option that is most appropriate. Help text: Answer Option 1 and reference to "adopted	<input checked="" type="radio"/> 1 IAASB pronouncements are adopted as drafted without amendments (refer Help Text) <input type="radio"/> 2 IAASB pronouncements are adopted as national standards	

Number	Question Title/Text/Help text	Answer	Comments
	<p>without amendment" Select this option where IAASB pronouncements are adopted as drafted except for changes to: Rename the IAASB pronouncement to a national standard name; Translate the IAASB pronouncement into another language; Apply an effective date that differs from the IAASB pronouncement.</p> <p>Answer Option 2 and 3 reference to "Differences" In responding to this question, "differences" may include: Requirements in addition to those specified in the IAASB pronouncement or ISA; Deletion of a basic principle, essential procedure, and / or related guidance specified in the IAASB pronouncement or ISA; Modification of a requirement specified in the IAASB pronouncement or ISA (e.g. an ISA requirement was not deleted in full because a similar requirement was included).</p>	<p>and amended as necessary to address differences due to conflicts with legal or regulatory requirements (refer Help Text)</p> <p>3○ Existing national standards are compared with IAASB pronouncements to eliminate to the extent possible</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>differences between the national standard and the IAASB pronouncement (refer Help Text)</p> <p>4○ Other</p>	
3.6.2.	Adoption SMO 3		
3.6.2.1.	<p><i>IAASB Pronouncements Adopted</i></p> <p>Which of the following IAASB pronouncements have been adopted? Select all the answer options that are appropriate.</p>	<p>1□ International Standard on Quality Control 1</p> <p>2☑ International Standards on Auditing</p> <p>3□ International Auditing Practices Statements</p> <p>4□ International Standards on Assurance Engagements</p> <p>5□ International Standards on Review Engagements</p> <p>6□ International Standards on Related Services</p>	<p>ISQC, IAPs, ISAEs, ISREs and ISRSs are being considered for adoption by the Institute. for complete adoption status see SMO 3 comparison with IAASB Pronouncements submitted in word format.</p>
3.6.2.2.	<p><i>Name of Standards SMO 3</i></p> <p>When the IAASB pronouncements are adopted, are the IAASB pronouncements renamed as national standards and pronouncements?</p>	<p>1⊙ IAASB pronouncements are adopted without changes to the pronouncement's name</p>	

Number	Question Title/Text/Help text	Answer	Comments
		2○	IAASB pronouncements are adopted with changes to their names
3.6.2.4.	<p><i>Information - Adopted Standards SMO 3</i></p> <p>Is information publicly available describing: The IAASB pronouncements that have been adopted; Whether the adopted IAASB pronouncement is the version in effect as at September 30, 2005; The effective date set by your organization where it differs from the IAASB pronouncement?</p>	<p>1⊙ Yes</p> <p>2○ No</p>	<p>The adoption status of IAASB Pronouncements is regularly updated on the Institute's website</p>
3.6.2.5.	<p><i>Submit Information - Adopted SMO 3</i></p> <p>If the standard-setter has issued information about the status of adopted ISAs and other IAASB pronouncements and it is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, complete the SMO 3 Comparison with IAASB Pronouncements.doc SMO 3: Comparison with IAASB Pronouncements report by clicking on the link and submit it in Word format to Compliance Staff.</p>	<p>1○</p>	<p>The information is available and in English and will be submitted to Compliance Staff</p>

Number	Question Title/Text/Help text	Answer	Comments
	<p>Indicate whether your organization will be submitting available information or the "SMO 3: Comparison with IAASB Pronouncements" report.</p> <p>Help text:</p>	<p>2Ⓐ The "SMO 3: Comparison with IAASB Pronouncements" report will be completed and submitted to Compliance Staff</p>	
3.10.	Translation SMO 3		
3.10.1.	<p><i>Translation of IAASB Pronouncements</i></p> <p>Are the IAASB pronouncements translated into a national language?</p>	<p>1Ⓐ No as English is the national language or a widely spoken language</p> <p>2Ⓐ Yes, the IAASB pronouncements are translated</p> <p>3Ⓐ No and English is not an official language or is not widely spoken</p>	
3.11.	<p><i>Activities to Promote IAASB Pronouncements</i></p> <p>Please describe the activities your organization undertakes to promote and assist in the implementation of IAASB pronouncements and other IAASB activities.</p>	<p>1) The Institute regularly holds seminars on the IAASB pronouncements</p> <p>2) IAASB pronouncements are part of the Institute's syllabi at both intermediate and professional level</p>	

Number	Question Title/Text/Help text	Answer	Comments
		of studies	
		3) IFAC and IAASB news is a regular feature of the Institute's monthly Newsletter and Bi-monthly Magazine.	
4.	SMO 4		
4.1.	Responsibility and National Ethical Requirements		
4.1.1.	<p><i>IFAC MB and Ethical Requirements</i> Does your organization establish ethical requirements (e.g. code of ethics, code of conduct, ethics rules, member regulations, etc.) to be complied with by your members?</p> <p>Help text: In some countries, ethical requirements may be established on a regional, provincial, or state basis. Where this is the case in your country for the ethical requirements that apply to your members, please contact Compliance Staff for further instruction.</p>	<p>1 <input checked="" type="radio"/> Yes, our organization does establish ethical requirements</p> <p>2 <input type="radio"/> No, our organization does not establish ethical requirements</p>	
4.1.2.	<p><i>IFAC MB and Convergence with IFAC Code</i> Has your organization implemented convergence with the IFAC Code of Ethics as an objective?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
4.1.9.	<i>IFAC MB Approach to Ethics</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p>Which of the following options best describes your organization's activities to incorporate the IFAC Code?</p> <p>For the purposes of the Part 2 SMO 4 module, modifications include: Deletion/omission of concepts, principles, or guidance that are established in the IFAC Code; Inclusion of concepts, principles, or guidance that are not in the IFAC Code; Other amendments that give rise to differences between your organization's ethical requirements and the IFAC Code.</p>	<p>1 <input type="radio"/> Our organization adopted the IFAC Code as issued without modifications</p> <p>2 <input checked="" type="radio"/> Our organization adopted the IFAC Code but with modifications</p> <p>3 <input type="radio"/> Our organization has developed our own ethical requirements with a process to eliminate differences between our ethical requirements and the IFAC Code</p> <p>4 <input type="radio"/> Our organization develops our own ethical requirements and uses another approach to incorporate the IFAC Code of Ethics</p>	

Number	Question Title/Text/Help text	Answer	Comments
4.1.10.	<i>IFAC MB and Code - Eliminate Differences</i> Describe the process used to adopt the IFAC Code or the process used to eliminate differences between your organization's ethical requirements and the IFAC Code.	Whenever a code is revised by IFAC we adapt the whole code with minor amendments.	
4.2.	MB and Version of IFAC Code		
4.2.1.	<i>Version of IFAC Code</i> Which version of the IFAC Code was adopted or used as the basis for your organization's ethical requirements?	<p>1 <input checked="" type="radio"/> The IFAC Code currently in effect, revised and issued in June 2004</p> <p>2 <input type="radio"/> A version issued prior to 2004</p> <p>3 <input type="radio"/> The revised IFAC Code issued and in effect June 30, 2006</p>	
4.2.3.	<i>MB and Revised Code</i> Does your organization have plans to adopt the revised IFAC Code (effective June 30, 2006) or revise your ethical requirements to incorporate the revised IFAC Code? Select the option that is the most relevant.	<p>1 <input type="radio"/> Our organization has already amended our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>2 <input checked="" type="radio"/> Our organization is in the process of amending or has included a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>3 <input type="radio"/> Our organization currently has not included in our work</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>program a plan to amend our ethical requirements for the revised IFAC Code (effective June 30, 2006)</p> <p>4○ Other (please describe)</p>	
4.2.5.	<p><i>MB and Revision Plans</i> Please describe the work program timetable.</p>		The revised IFAC Code of Ethics is under consideration of the relevant Committee and it is expected that this would be adapted by the end of December 2006.
4.3.	<p><i>Ethical Requirements by Gov / Reg Bodies</i> In addition to the ethical requirements established by your organization, are there also laws or regulations that set out ethical requirements to be complied with by your members?</p>	<p>1⊙ Yes</p> <p>2○ No</p>	
4.4.	<p>Gov / Reg Bodies and Ethical Requirements</p>		
4.4.1.	<p><i>Gov/Reg Bodies - Ethical Requirements</i> Where ethical requirements applicable to your members are established in law or regulation, do they include any of the following types of laws and regulations? Select all the answer options that are appropriate.</p>	<p>1□ There is a law / regulation (e.g. Audit Law, Accountants Law) that sets out ethical requirements to be complied with by all professional accountants</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>2<input checked="" type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit listed entities</p> <p>3<input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who audit entities other than listed entities</p> <p>4<input type="checkbox"/> There is a law / regulation that sets out ethical requirements to be complied with by professional accountants who provide services to the public (other than as auditors of listed or other entities)</p> <p>5<input type="checkbox"/> There is a law / regulation that sets out ethical requirements for professional accountants employed in business</p> <p>6<input type="checkbox"/> None of the above</p>	
4.4.4.	<p><i>Describe Law / Reg - Audit</i> Regarding your response to question 4.4.1 and professional accountants who audit listed entities and / or other entities, please:</p>	<p>Listing Regulations</p> <p>These Regulations are called the</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>State the law / regulation's name; Provide a general description of the law / regulation; Describe how the law / regulation sets out the scope of professional accountants that it applies to.</p>	<p>“Listing Regulations. In Pakistan there are three Stock Exchanges who have their own Listing Regulations. The Regulations are applied to all companies, and securities applying for listing and those listed on the Exchange.</p> <p>The Securities and Exchange Commission of Pakistan in March 2002 directed all the three stock exchanges to include a new regulation i.e. 'Code of Corporate Governance' in their respective Listing Regulations The purpose of this code is to establish a framework of good corporate governance whereby a listed company is managed in compliance with best practices.</p> <p>The Code does not require directly from auditors to comply with its requirements. Instead it requires companies to make sure the certain requirements have been complied with regard to appointment of external auditors. (Extract from the Code relating to external auditors is</p>	

Number	Question Title/Text/Help text	Answer	Comments
		enclosed)	
4.4.7.	<p><i>Gov/Reg and Convergence</i> Please explain whether your organization has undertaken any activities to promote the IFAC Code of Ethics to the relevant government or regulatory body that sets ethical requirements. Include in your explanation descriptions of any specific activities and the outcome or the reasons why such activities have not been undertaken.</p>	<p>Our Institute liaise with the Regulator on Ethics issues and it was successful in convincing SECP to direct all the three stock exchanges to include the the following paragraph in their Listing Regulations.</p> <p>'No listed company shall appoint as external auditors a firm of auditors which firm or a partner of which firm is non-compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.'</p>	
4.5.	<p><i>Comparison of Requirements SMO 4</i> Does your organization have information that identifies any differences between the IFAC Code of Ethics currently in effect or the revised Code and the national ethical requirements? In responding to this question, differences include:</p>	<p>1 ☉ Yes, our organization has this information and it will be submitted</p>	

Number	Question Title/Text/Help text	Answer	Comments
	<p>Principles, concepts, and guidance in the IFAC Code that are not addressed in the national ethical requirements; Principles, concepts, and guidance in the IFAC Code that are not equivalent to the national ethical requirements; Principles, concepts, rules, regulations, laws, or other mandatory ethical requirements in national ethical requirements that are not addressed in the IFAC Code.</p> <p>The phrase "national ethical requirements" as used in this questionnaire refers to the totality of ethical requirements established by your organization and others including government and regulatory bodies that are applicable to your members.</p>	<p>2○ This information will be submitted by another IFAC member body</p> <p>3○ No, the information is not available</p>	
4.11.	<p><i>Translation of IFAC Code</i></p> <p>Has your organization or others (e.g. government or regulatory body) translated the IFAC Code (in effect) or earlier versions of the Code? Select all the answer options that are appropriate.</p>	<p>1<input checked="" type="checkbox"/> No, as English is an official language or widely spoken language</p> <p>2<input type="checkbox"/> Yes, our organization has</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>translated the IFAC Code</p> <p>3 <input type="checkbox"/> Yes, a government, regulatory, or other body has translated the IFAC Code</p> <p>4 <input type="checkbox"/> No, the IFAC Code has not been translated and English is not an official language or widely spoken language</p>	
4.15.	<p><i>Activities to Promote IFAC Code of Ethics</i></p> <p>Please describe the activities your organization undertakes to promote and assist in implementing the pronouncements (e.g. IFAC Code of Ethics) and work of IFAC's International Ethics Standards Board for Accountants.</p>	<p>1) Whenever there is a revision or a change in IFAC Code of Ethics the relevant committees consider the adaption of the revision</p> <p>1) Seminars are held when there is a revision or significant amendment in the IFAC Code of Ethics</p> <p>2) ICAP Code of Ethics is a part of the Institute's syllabi at professional level of studies</p> <p>3) IFAC and IAASB news is a regular feature of the Institute's monthly News Letter and Bi-monthly Magazine.</p> <p>Detail of the due process followed for adaption is given in the additional information area.</p>	<p>The Institute of Chartered Accountants of Pakistan every year constitutes an apex Committee known as the Professional Standards and Technical Advisory Committee(PS&TAC). Members of this Committee are drawn from the profession, industry and the financial sector. Membership of this Committee varies from 12 to 15 members. This Committee in turn constitutes two Technical Advisory Committees(TAC) on geographical basis. Members of these Committees are also drawn from a broad spectrum of the profession. The TAC apart from issuing technical</p>

Number	Question Title/Text/Help text	Answer	Comments
			opinions, commenting on Corporate laws etc. also give their recommendations to PS&TAC with regard to adaption of IFAC Code of Ethics. The PS&TAC reviews the recommendations of the two TAC and the final draft of the revision or amendment is exposed to the general membership of the Insitute for their comments. Finally after considering the members' comments the draft is finalized and sent to the Council of the Institute. The total membership of these three Committees is about 45 at any time.
5.	SMO 5		
5.1.	<i>Public Sector Accounting Standards - Objective</i> Has the federal government / national government established convergence with International Public Sector Accounting Standards (IPSASs) as an objective?	<p>1 <input type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p> <p>3 <input checked="" type="radio"/> Information is not available or not known</p>	

Number	Question Title/Text/Help text	Answer	Comments
5.4.	<p><i>Activities to Promote IPSASB Pronouncements</i></p> <p>Please describe the activities your organization undertakes to promote pronouncements issued by the International Public Sector Accounting Standards Board. Please provide an explanation where such activities have not been undertaken because they are not within the scope of your organization's objectives or work program.</p>	<p>No such activities have been undertaken as such. However, the Council of the Institute has recently formed a Public Sector Accounting Committee to play an interactive role in strengthening the accounting and auditing functions of the public sector entities.</p> <p>The Committee would also study "Pakistan Improvement of Financial Reporting and Auditing" (PIFRA) project of the government with a view to provide assistance in adopting IPSAS by the public sector entities.</p>	
6.	SMO 6		
6.1.	<p><i>Investigation and Discipline Program</i></p> <p>In your jurisdiction is there a program for investigating and disciplining members of your organization for misconduct, including breaches of professional standards and rules?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
6.3.	Responsibility for Investigation and Discipline		

Number	Question Title/Text/Help text	Answer	Comments
6.3.1.	<p><i>Body Responsible for Investigation and Discipline</i></p> <p>Is your organization responsible for investigation and discipline of misconduct, including breaches of professional standards and rules by its individual members (and, if local laws and practices permit, by firms)? Select the answer option that is most appropriate.</p>	<p>1 <input checked="" type="radio"/> Yes, our organization has this responsibility</p> <p>2 <input type="radio"/> No, responsibility for investigation and discipline rests solely with an external body</p> <p>3 <input type="radio"/> Our organization shares responsibility for investigation and discipline with an external body</p> <p>4 <input type="radio"/> Other</p>	
6.5.	SMO 6 - Detailed Assessment		
6.5.1.	Rules and Procedures for Investigation and Discipline		
6.5.1.1.	<p><i>Rules and Procedures</i></p> <p>Does your organization establish in its constitution or rules the provisions and processes for the investigating and disciplining your members?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
6.5.1.3.	<p><i>Misconduct</i></p> <p>In your jurisdiction, which of the following are considered "misconduct" as described in</p>	<p>1 <input type="checkbox"/> Criminal activity</p>	

Number	Question Title/Text/Help text	Answer	Comments
	SMO 6 paragraph 4? Select all the answer options that are appropriate.	<p>2<input checked="" type="checkbox"/> Acts or omissions likely to bring the accountancy profession into disrepute</p> <p>3<input checked="" type="checkbox"/> Breaches of professional standards</p> <p>4<input checked="" type="checkbox"/> Breaches of ethical requirements</p> <p>5<input checked="" type="checkbox"/> Gross professional negligence</p> <p>6<input checked="" type="checkbox"/> A number of less serious instances of professional negligence that, cumulatively, may indicate unfitness to exercise practicing rights</p> <p>7<input type="checkbox"/> Unsatisfactory work</p> <p>8<input type="checkbox"/> Other (please describe)</p>	
6.5.2.	<i>Types of Sanctions</i> Which of the following actions can be imposed by those who judge such issues: Select all the answer options that are appropriate.	<p>1<input checked="" type="checkbox"/> Reprimand</p> <p>2<input type="checkbox"/> Loss or restriction of practice rights</p> <p>3<input checked="" type="checkbox"/> Fine/payment of costs</p> <p>4<input type="checkbox"/> Loss of professional title (designation)</p> <p>5<input checked="" type="checkbox"/> Exclusion from membership</p> <p>6<input type="checkbox"/> Other (please describe)</p>	
6.5.3.	Provision of Information and Guidance to		

Number	Question Title/Text/Help text	Answer	Comments
Members			
6.5.3.1.	<p><i>Information and Guidance</i> Does your organization make each member fully aware of:</p> <p>- All provisions of the ethical code and other applicable professional standards, rules and requirements (and any amendments), whether issued by IFAC or at the national level by the member body and - Consequences of non-compliance?</p>	<p>1 <input checked="" type="radio"/> Yes</p> <p>2 <input type="radio"/> No</p>	
6.5.3.2.	<p><i>Information and Guidance Description</i> Provide a brief description of how your organization meets this requirement of SMO 6.</p>		<p>The Code of Ethics is a part of our Members' Hand Book, which is provided to every member. Any amendment in the constitution/byelaws of the Institute is duly circulated to all the members.</p>
6.5.4.	Obligations to Report to Outside Bodies		
6.5.4.1.	<p><i>Reporting to Outside Bodies</i> Is your organization obligated under local laws to report possible involvement in serious crimes and offences by its individual members or member firms to the appropriate public authority and disclose related information to that authority?</p>	<p>1 <input type="radio"/> Yes</p>	

Number	Question Title/Text/Help text	Answer	Comments
		2 <input type="radio"/> No	
6.5.4.2.	<i>Reporting to Outside Bodies Follow Up</i> Please describe your plans to introduce an obligation or requirement to report possible involvement in serious crimes and offences by individual members or member firms to the appropriate public authority and disclose related information to that authority.		There is no such requirement under the local laws. However, all disciplinary cases are published in the Institute's publication and website.
6.5.5.	<i>Approach to Proceedings</i> What type of approach does your organization use to initiate investigation and discipline proceedings? Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Information-based 2 <input checked="" type="checkbox"/> Complaints-based 3 <input type="checkbox"/> Other (please describe) 4 <input type="checkbox"/> None of the above	
6.5.6.	Investigative Powers and Processes		
6.5.6.1.	<i>Powers</i> Does your organization have all required powers so that authorized personnel can carry out an effective investigation?	1 <input type="radio"/> Yes 2 <input type="radio"/> No	
6.5.6.3.	<i>Cooperation of Members</i> Do the powers to carry out an effective investigation include: Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> A requirement for members (and member firms) to co-operate in the investigation of complaints and to respond	

Number	Question Title/Text/Help text	Answer	Comments
	<p>at the start of the investigation that any individual chosen to assist in an investigation is independent from (a) the subject of the investigation, and (b) anyone connected with or interested in the matter investigated?</p> <p>Help text: If a conflict exists at the start of an investigation, or arises during the investigation, the chosen individual should immediately withdraw. Similar considerations apply equally to anyone else connected with the investigation and hearing of cases.</p>	20 No	Investigation committee happens to be connected with or interested in any matter investigated, he withdraws himself from the meeting, when that matter is discussed. Such a member is also not provided any information of the proceeding in such case.
6.5.6.10.	<p><i>Infrastructure</i> Which of the following best describes your organization's investigation and discipline infrastructure? Select all the answer options that are appropriate.</p>	10 One committee/panel to investigate the complaint and a separate committee/tribunal to administer disciplinary action	The Investigation Committee is a fact finding body, who after completion of its investigation proceedings on a matter, forwards its report along with its finding thereon, to the Council. The Council is the final decision taking authority, who after completion of its own proceedings, gives its decision thereon. In the

Number	Question Title/Text/Help text	Answer	Comments
		<p>2○ A single committee/panel to conduct the investigation and administer disciplinary action.</p> <p>3○ Other</p>	<p>proceeding undertaken by the Council, members of the Investigation Committee are not present.</p>
6.5.6.12.	<p><i>Independent Review</i> Has your organization established and does it maintain a process for the independent review of complaints by clients and others where it has been decided by the investigation committee that the matter will not be referred to a disciplinary hearing?</p>	<p>1○ Yes</p> <p>2● No</p>	<p>After a matter is investigated by the Investigation Committee, its report containing its findings is forwarded to the Council, which is the final decision taking body. The decision of the Council, whether to close the case, or to punish the member, is communicated to both the member as well as the complainant.</p>
6.5.6.13.	<p><i>Independent Review Follow Up</i> Please explain why your organization has not established and maintained such a process.</p>	<p>Because there is no such requirement in the C.A.Ordinance 1961 of our Institute.</p>	
6.5.7.	The Disciplinary Process		

Number	Question Title/Text/Help text	Answer	Comments
6.5.7.1.	<i>Composition of Tribunal</i> Does the tribunal responsible for the disciplinary hearing contain a balance of professional expertise and outside judgment (e.g., composed of accountants and non-accountants)?	1 <input checked="" type="radio"/> Yes (please describe) 2 <input type="radio"/> No	The Council consist of: (i) Not less than twelve members elected by the members of the Institute. and (ii) Not more than four persons nominated by the Federal Government.
6.5.7.3.	<i>Conflicts</i> Are members of the investigation committee or the disciplinary tribunal permitted to serve on both at the same time, or in relation to the same case?	1 <input type="radio"/> Yes 2 <input checked="" type="radio"/> No	
6.5.7.5.	<i>Independence of Tribunal</i> Briefly describe how the disciplinary tribunal exhibits independence.	The members of the Investigation Committee who were present in the Committee's meeting while giving its findings, withdraw themselves from the meeting of the Council, when those matters are considered by the Council.	
6.5.7.6.	<i>Appeals Process</i> Does your organization's rules: Select all the answer options that are appropriate.	1 <input checked="" type="checkbox"/> Permit a qualified lawyer or other person chosen by the defendant to accompany and represent the defendant at all	As per the provisions of the constitution of the Institute, appeal against the decision of the Council, can be preferred

Number	Question Title/Text/Help text	Answer	Comments
		disciplinary hearings and to advise him or her throughout the investigative and disciplinary process	<p>only before the High Court.</p> <p>Option 4 As a matter of practice the members of the Investigation Committee who were concerned with the original conviction, withdraw from the meeting of the Council of the ICAP when these cases are considered by the Council for final decisions.</p> <p>Option 5 Procedures are those of the High Court and not the Institute.</p>
		<p>2<input checked="" type="checkbox"/> Permit the defendant to appeal the conviction and any imposed sanction</p> <p>3<input type="checkbox"/> Permit any order made against the defendant to be suspended by the tribunal that convicted the defendant, pending the hearing of that appeal</p> <p>4<input checked="" type="checkbox"/> Prohibit the appeal tribunal from including a prosecutor or a member of the first</p>	

Number	Question Title/Text/Help text	Answer	Comments
		tribunal, or any other individual who was concerned with the original conviction 5 <input checked="" type="checkbox"/> Require that the same procedures apply to the appeal process as apply to hearings before the disciplinary tribunal 6 <input type="checkbox"/> None of the above	
6.5.7.7.	<i>Appeals Process Follow Up</i> Please explain why your organization has not established the rules that were not selected.	Because the appeal against the decision of the Council can be preferred only before the High Court.	
6.5.8.	Administrative Processes		
6.5.8.1.	<i>Elements of Administrative Processes</i> As a part of Investigation and Discipline administrative processes does your organization: Select all the answer options that are appropriate.	1 <input type="checkbox"/> Establish time limits for disposal (completion) of all cases 2 <input checked="" type="checkbox"/> Maintain and operate tracking mechanisms, to ensure that all investigations and prosecutions are promptly handled, and that all necessary action is taken at	

Number	Question Title/Text/Help text	Answer	Comments
		<p>the appropriate stage</p> <p>3 <input checked="" type="checkbox"/> Maintain a procedure requiring (a) notification to all persons employed or otherwise participating in the investigative and disciplinary processes (or having access to information concerning such processes) of the importance of maintaining confidentiality, and (b) a binding agreement to maintain that confidentiality</p> <p>4 <input checked="" type="checkbox"/> Maintain secure and confidential facilities for the storage of case papers and other evidence</p> <p>5 <input checked="" type="checkbox"/> Maintain records of all investigation and disciplinary proceedings</p> <p>6 <input type="checkbox"/> None of the above</p>	
6.5.8.2.	<p><i>Elements of Administrative Processes Follow Up</i></p> <p>Please explain why your organization has not established the administrative processes that were not selected.</p>	<p>Because there is no requirement in the constitution of the Institute to establish time limits for disposal of the cases.</p>	
6.5.8.3.	Case Numbers		
6.5.8.3.1.	<i>2005 Heard Case Numbers</i>		

Number	Question Title/Text/Help text	Answer	Comments
	Indicate the number of cases heard in 2005.	73	
6.5.8.3.2.	<i>2004 Heard Case Numbers</i> Indicate the number of cases heard in 2004.	92	
6.5.8.3.3.	<i>2003 Heard Case Numbers</i> Indicate the number of cases heard in 2003.	76	
6.5.8.3.4.	<i>2005 Completed Case Numbers</i> Indicate the number of cases completed in 2005.	45	
6.5.8.3.5.	<i>2004 Completed Case Numbers</i> Indicate the number of cases completed in 2004.	42	
6.5.8.3.6.	<i>2003 Completed Case Numbers</i> Indicate the number of cases completed in 2003.	26	
6.5.8.3.7.	<i>Average time required for disposal of cases</i> Indicate the average time (in months) required for the disposal (completion) of a case. This number should include both the time spent on (a) the investigation of the complaints and (b) the disciplinary proceedings.	12	
7.	SMO 7		
7.1.	<i>Accounting Standards in Law/Regulation</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p>Does law or regulation establish the set of accounting standards to be used for preparation of financial statements of private sector listed entities and non-listed entities? Select all the answer options that are appropriate.</p> <p>Where the law / regulation establishes the accounting standards to be used by reference to the set of standards to be used by their name or by including the text of the standards in the law / regulation, please respond "yes" to this question. Section 7.8. of this module includes questions about the law / regulation.</p> <p>Where the law / regulation gives authority to a national standard-setter to establish the accounting standards, please respond "no". Section 7.2. of this module includes questions about the standard-setter and the accounting standards that are established.</p>	<p>1 <input checked="" type="checkbox"/> Yes, for financial statements of listed entities</p> <p>2 <input checked="" type="checkbox"/> Yes, for financial statements of non-listed entities</p> <p>3 <input type="checkbox"/> No, for financial statements of listed entities</p> <p>4 <input type="checkbox"/> No, for financial statements of non-listed entities</p>	
7.8.	Law/Reg and Accounting Standards		
7.8.1.	<i>Law/Reg Accounting Standards - Private</i>		

Number	Question Title/Text/Help text	Answer	Comments
	<p><i>Sector</i></p> <p>Is there only one group of accounting standards or are the accounting standards applicable to listed entities different from non-listed entities?</p>	<p>1 <input type="radio"/> The accounting standards for listed entities and non-listed entities are the same set of standards</p> <p>2 <input checked="" type="radio"/> The accounting standards for listed entities and non-listed entities are not the same set of standards</p>	
7.8.3.	<p><i>Accounting Standards for Listed</i></p> <p>Does the law/regulation require the use of International Financial Reporting Standards issued by the International Accounting Standards Board for preparation of financial statements of listed entities? Select the answer option that is most appropriate.</p>	<p>1 <input checked="" type="radio"/> The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p> <p>2 <input type="radio"/> For listed entities, the law/regulation contains the full text of each IFRS</p> <p>3 <input type="radio"/> For listed entities, the law/regulation contains the main principles of the IFRSs</p> <p>4 <input type="radio"/> For listed entities, the law / regulation has a requirement to use IFRSs using another approach (please describe)</p> <p>5 <input type="radio"/> For listed entities, the law / regulation requires the use of national standards with no</p>	

Number	Question Title/Text/Help text	Answer	Comments
reference to IFRSs			
7.8.4.	<p><i>Accounting Standards for Non-Listed</i> Does the law/regulation require the use of International Financial Reporting Standards issued by the International Accounting Standards Board for preparation of financial statements of non-listed entities? Select the answer option that is most appropriate.</p>	<p>1○ The law/regulation simply refers to International Financial Reporting Standards as the accounting standards (without bringing in the full or partial text of individual IFRSs)</p> <p>2○ For non-listed entities, the law/regulation contains the full text of each IFRS</p> <p>3● For non-listed entities, the</p>	<p>The Institute has recently developed drafts of two separate sets of financial reporting frameworks and standards for:</p> <p style="padding-left: 40px;">(1) Medium Sized Entities (MSEs); and (2) Small Sized Entities (SSEs)</p> <p>These standards have been exposed to the stakeholders and expected to be finalised soon and approved by the Council of the Institute.</p> <p>It is expected that by June 2006, the Securities and Exchange Commission of Pakistan (the regulator) will notify the same for small and medium sized entities.</p>

Number	Question Title/Text/Help text	Answer	Comments
		<p>law/regulation contains the main principles of the IFRSs</p> <p>4○ For non-listed entities, the law / regulation has a requirement to use IFRSs using another approach (please describe)</p> <p>5○ For non-listed entities, the law / regulation requires the use of national standards with no reference to IFRSs</p>	
7.8.9.	<p><i>MB Responsibilities and IASB SMO 7</i></p> <p>Does your organization have responsibility for any of the following activities? Select all the answer options that are appropriate.</p>	<p>1☑ Develop other authoritative pronouncements</p> <p>2☑ Promulgate the IFRSs established by law / regulation (e.g. by publishing or communicating the standards to the public)</p> <p>3☐ Other (please describe)</p> <p>4☐ None of the above</p>	
7.8.10.	<p><i>Authoritative Pronouncements and Law/Reg SMO 7</i></p> <p>Please state the name of the other authoritative pronouncements and describe their purpose.</p>	<p>Accounting Technical Releases are developed and issued by the Institute from time to time as additional guidance on subjects pertinent to local environment.</p>	<p>Following is the list of Accounting Technical Releases issued by the Institute and are effective:-</p> <p>TR-5 IASB Standards-</p>

Number	Question Title/Text/Help text	Answer	Comments
			Council's Statement on Applicability (Revised - 2005)
			TR-6 Fixed Assets Register (Reformatted - 2004)
			TR-8 Clarification Regarding Basis of Calculation of Workers' Profit Participation Fund (Reformatted 2004)
			TR-11 Depreciation on Idle Fixed Assets (Reformatted - 2004)
			TR-15 Bonus Shares- Accounting Treatment (Reformatted 2004)
			TR-19 Excise Duty- Accounting Treatment (Reformatted - 2000)
			TR-20 Accounting for Expenditure During Construction Period (Reformatted - 2000)
			TR-21 Date of

Number	Question Title/Text/Help text	Answer	Comments
			Commencement of Commercial Production (Reformatted - 2000)
			TR-22 Book Value Per Share (Revised - 2002)
			TR-24 Exchange Risk Fee- Accounting Treatment (Reformatted - 2000)
			TR-27 IAS 12, Income Taxes (Revised 2003)
			TR-29 Carry-Over- Transactions (COT)
			Following TRs have been withdrawn by the Institute:
			TR-1 Capitalization of Interest on Loan
			TR-2 Financial Statement Presentation – Credit Cards
			TR-3 Depreciation Treatment in Tax Holiday Companies

Number	Question Title/Text/Help text	Answer	Comments
			TR-4 Gratuity – Provision in the Accounts of Company
			TR-7 Revaluation of Fixed Assets
			TR-9 Treatment of Post-dated Cheques or Promissory Notes
			TR-10 Deferred Taxation
			TR-12 Debt Extinguishment
			TR-13 Accounting for Compensated Absences)
			TR-14 Revaluation of Fixed Assets – Accounting Treatment
			TR-16 Pending Litigation Settled in Favour of Client after the Balance Sheet date.
			TR-17 Finished Pieces of Equipment held by Manufacturer for Customers
			TR-18 Good Accounting Software

Number	Question Title/Text/Help text	Answer	Comments
			<p>TR-23 Investments Valuation –Application of Lower of Cost and Market Value</p> <p>TR-25 Prudential Regulations for Banks</p> <p>TR-26 Export Quota – Accounting Treatment</p> <p>TR-28 Golden Handshake – Accounting For</p>
7.8.11.	<p><i>Describe Activities and Law/Reg SMO 7</i> Describe your organization's activities for promulgating and / or implementing the standards.</p>	<p>1) The Institute's relevant committees consider the adoption of new standards issued by the IASB</p> <p>2) Standard is adopted by the Council of the Institute</p> <p>3) The Institute then recommends adoption of such standard to the Securities and Exchange Commission of Pakistan (regulator of companies) for notification in the official gazette.</p>	<p>The Council of the Institute of Chartered Accountants of Pakistan every year constitutes an apex Committee known as the Professional Standards and Technical Advisory Committee (PS&TAC). Members of this Committee are drawn from the profession, industry and the financial sector. Membership of this Committee varies from 12 to 15 members. This</p>

Number	Question Title/Text/Help text	Answer	Comments
		Detail of the due process followed for adoption is given in the additional information area.	Committee in turn constitutes two Accounting and Auditing Standards Committees (AASC) on geographical basis. Members of these Committees are also drawn from a broad spectrum of the profession. Any IAS/IFRS issued by IASB is first considered by the two AASC, who send their recommendations to the PS&TAC. After considering the recommendations of the two AASC the PS&TAC recommends the adoption of the IAS/IFRS to the Council of the Institute. The total membership of these three Committees is about 45 at any time. The Council of the Institute before finally recommending the adoption of any IAS/IFRs, exposes it to the general membership, who are generally given four weeks to come up with their comments. Members' comments are again processed by the three

Number	Question Title/Text/Help text	Answer	Comments
			<p>Committees mentioned above and the final recommendation goes to the Council. Once this recommendation is approved, the relevant IAS/IFRS is sent to the Securities and Exchange Commission of Pakistan. There it is examined by their Professional Services and Policy Division. The recommendations of this Division are then approved by the SECP Policy Board. After an IAS/IFRS is approved for adoption by the SECP Policy Board it is sent to the Ministry of Finance for notification of adoption in the official gazette under Section 234(3) of the Companies Ordinance, 1984.</p>
7.9.	Law/Reg and IASB Pronouncements		
7.9.1.	<p><i>Incorporation into Law/Reg SMO 7</i> Is information publicly available about IFRSs and other IASB pronouncements that have been established into law/regulation, including:</p> <p>IFRSs and other IASB pronouncements that</p>	1 ☉ Yes	

Number	Question Title/Text/Help text	Answer	Comments
	<p>have been established into law / regulation; Whether the IFRS or IASB pronouncement established into law / regulation is the version in effect as at September 30, 2005; The effective date set by law / regulation where it differs from the IFRS or IASB pronouncement; The differences between IFRSs and IASB pronouncements and what was established into law / regulation; and The reasons for the differences?</p>	20	No
7.9.2.	<p><i>Incorporation Description - Law/Reg SMO 7</i></p> <p>If the information about the status of IFRSs and other IASB pronouncements that have been established into law is available in English, indicate this in your response and submit a copy of the information to Compliance Staff.</p> <p>If this information is not available, complete the SMO 7: Comparison with IASB Pronouncements report and submit it in Word format to Compliance Staff.</p> <p>Indicate whether your organization will be submitting available information or the</p>	10	Yes, information is available and in English and will be submitted to Compliance Staff

Number	Question Title/Text/Help text	Answer	Comments
	"SMO 7: Comparison with IASB Pronouncements" report.	<p>2 <input checked="" type="radio"/> No, information is not available; however our organization or jointly with another IFAC member / associate will complete the "SMO 7: Comparison with IASB Pronouncements" and submit it to Compliance Staff</p> <p>3 <input type="radio"/> No, information is not available</p>	
7.10.	Translation SMO 7		
7.10.1.	<i>Translation of IFRSs</i> Are the IFRSs and other IASB pronouncements translated into national language?	<p>1 <input checked="" type="radio"/> No, as English is an official language or widely spoken language</p> <p>2 <input type="radio"/> Yes, the IFRSs are translated</p> <p>3 <input type="radio"/> No and English is not an official language or is not widely spoken</p>	
7.11.	<i>Promotion Activities SMO 7</i> Please describe the activities your organization undertakes to promote and assist in the implementation of IFRSs and other IASB pronouncements and activities.	<p>1) The Institute publishes the IFRS handbook;</p> <p>2) Informs its members and students of new , revised or reformatted IASB standards</p> <p>3) Requires its members to follow</p>	

Number	Question Title/Text/Help text	Answer	Comments
		<p>notified IASB standards in preparation of the financial statements</p> <p>4) requires its members to ensure compliance of IFRS while auditing the financial statements</p> <p>5)The Institute through its financial statements review program monitors that its members (whether as preparers or as auditors of the financial statements) are ensuring compliance with the notified IASB Standards.</p>	
8.	Certification of Chief Executive		
8.1.	<p><i>Complete Certification</i></p> <p>Once all required questions have been completed, the Certification of Chief Executive should be signed and submitted to Compliance Staff. Click Part 2 SMO Self Assessment Certification.doc to download a copy of the Certification form.</p>	<p>1 <input checked="" type="checkbox"/> Yes, the Certification of Chief Executive has been submitted</p> <p>2 <input type="checkbox"/></p>	

SMO 3: Comparison with IAASB Pronouncements

Objective

The purpose of this report is to understand how national auditing standards and related pronouncements compare with pronouncements issued by the International Auditing and Assurance Standards Board (IAASB). The comparison seeks to understand whether there are differences between national pronouncements and IAASB pronouncements and the reasons for these differences. These differences often exist because of conflicts between the IAASB pronouncement and requirements stipulated by national law or regulation. Other times differences exist because of timing differences between the national standard-setter's work program and the IAASB's work program.

The differences may be in the form of specific IAASB pronouncements or individual principles, procedures, or related guidance within an IAASB pronouncement that is not in the national auditing standard and related pronouncement. There may also be differences in the form of principles, procedures, or guidance in national auditing standards and related pronouncements that are not required or addressed by IAASB pronouncements. Information obtained about the differences will assist the Compliance Advisory Panel in understanding the special conditions, challenges, and impediments IFAC member bodies face within their standard-setting and regulatory framework and convergence with IAASB pronouncements.

This report includes a listing of IAASB pronouncements that have been issued or amended and are in effect as of **September 30, 2005**. These pronouncements include conforming amendments to recently issued ISAs including the Audit Risk ISAs issued in 2004 (effective for audits of financial statements for periods beginning on or after December 15, 2004). When completing the report, the full text of the IAASB pronouncement that is in effect should be referred to. IAASB's pronouncements are available, in Adobe Acrobat pdf format, freely on its website at www.ifac.org/iaasb.

Instructions to the SMO 3: Comparison with IAASB Pronouncements

Respondents are asked to provide the following information:

1. Provide the name and effective date of the national auditing standard and related pronouncement which address the IAASB pronouncement. Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements indicate whether it is in the standard-setter's work program or describe the special conditions, challenges, impediments or other reasons why it has not yet been addressed
2. Describe the principles, procedures or related guidance in national auditing standards and related pronouncements that are not required by the IAASB pronouncement. Include a brief description about the legal, regulatory, or other national practice giving rise to this difference.
3. Describe the IAASB principles, procedures or related guidance that has been omitted from or modified in the national auditing standards and related pronouncements in order to comply with national requirements and practices. Include a brief description about the legal, regulatory, or other national practice giving rise to this omission or modification.
4. Additional information may be provided in the Comment Box or by attaching additional pages.
5. To avoid duplication of effort, where this information is available in other formats, the information may be separately submitted to Compliance Staff.

SMO 3: Comparison with IAASB Pronouncements

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Glossary of Terms	Glossary of Terms	None	None. The IAASB Pronouncements are adopted without any modification. Therefore the terms defined in the IAASB Glossary have the same term and meaning in the national auditing standards and related pronouncements.	
ISQC 1	International Standards on Quality Control	Being Considered for adoption			

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	<p>(ISQC) Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.</p> <p>Systems in compliance with ISQC 1 are required to be established by June 15, 2005</p>				
	International Framework for Assurance	International Framework for Assurance	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Engagements (ISA Framework of International Standards on Auditing was withdrawn in December 2004)	Engagements Effective for assurance reports issued on or after December 31, 2006			
	International Standards on Auditing (ISAs)				
ISA 200	Objective and General Principles Governing an Audit of Financial Statements	Objective and General Principles Governing an Audit of Financial Statements	None	None	
ISA 210	Terms of Audit Engagements	Terms of Audit Engagements	None	None	
ISA 220 (Revised)	Quality Control for Audits of Historical Financial Information	Quality Control for Audits of Historical Financial Information	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Effective for audits of historical financial information for periods commencing on or after June 15, 2005	Effective for audits of historical financial information for periods commencing on or after June 15, 2005			
ISA 230	Documentation	Documentation	None	None	
ISA 240	The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements Effective for audits of financial statements for periods beginning on or after	The Auditor's Responsibility to Consider Fraud in an Audit of Financial Statements Effective for audits of financial statements for periods beginning on or after December 15, 2004	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	December 15, 2004				
ISA 250	Consideration of Laws and Regulations in an Audit of Financial Statements	Consideration of Laws and Regulations in an Audit of Financial Statements	None	None	
ISA 260	Communications of Audit Matters With Those Charged With Governance Effective for audits of financial statements for periods ending on or after December 31, 2000	Communications of Audit Matters With Those Charged With Governance Effective for audits of financial statements for periods ending on or after December 31, 2000	None	None	
ISA 300	Planning an Audit of Financial Statements	Planning an Audit of Financial Statements	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Effective for audits of financial statements for periods beginning on or after December 15, 2004	Effective for audits of financial statements for periods beginning on or after December 15, 2004			
ISA 315	<p>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</p> <p>Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 310 Knowledge)</p>	<p>Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement</p> <p>Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 310 Knowledge of the Business was</p>	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	of the Business was withdrawn in December 2004)	withdrawn in December 2004)			
ISA 320	Audit Materiality	Audit Materiality	None	None	
ISA 330	The Auditor's Procedures in Response to Assessed Risks Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 400 Risk Assessments and ISA 401 Internal Control and Auditing in a Computer	The Auditor's Procedures in Response to Assessed Risks Effective for audits of financial statements for periods beginning on or after December 15, 2004 (ISA 400 Risk Assessments and ISA 401 Internal Control and Auditing in a Computer Information Systems Environment were withdrawn in	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Information Systems Environment were withdrawn in December 2004)	December 2004)			
ISA 402	Audit Considerations Relating to Entities Using Service Organizations	Audit Considerations Relating to Entities Using Service Organizations	None	None	
ISA 500	Audit Evidence Effective for audits of financial statements for periods beginning on or after December 15, 2004	Audit Evidence Effective for audits of financial statements for periods beginning on or after December 15, 2004	None	None	
ISA 501	Audit Evidence—Additional Considerations for	Audit Evidence—Additional Considerations for	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Specific Items	Specific Items			
ISA 505	External Confirmations Effective for audits of financial statements for periods ending on or after December 31, 2001	External Confirmations Effective for audits of financial statements for periods ending on or after December 31, 2001	None	None	
ISA 510	Initial Engagements— Opening Balances	Initial Engagements— Opening Balances	None	None	
ISA 520	Analytical Procedures	Analytical Procedures	None	None	
ISA 530	Audit Sampling and Other Selective Testing Procedures Effective for audits of financial	Audit Sampling and Other Selective Testing Procedures Effective for audits of financial statements	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	statements for periods ending on or after July 1, 1999	for periods ending on or after July 1, 1999			
ISA 540	Audit of Accounting Estimates	Audit of Accounting Estimates	None	None	
ISA 545	Auditing Fair Value Measurements and Disclosures Effective for audits of financial statements for periods ending on or after December 31, 2003	Auditing Fair Value Measurements and Disclosures Effective for audits of financial statements for periods ending on or after December 31, 2003	None	None	
ISA 550	Related Parties	Related Parties	None	None	
ISA 560	Subsequent Events	Subsequent Events	None	None	
ISA 570	Going Concern Effective for audits of financial	Going Concern Effective for audits of financial statements	None	None	

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	statements for periods ending on or after December 31, 2000	for periods ending on or after December 31, 2000			
ISA 580	Management Representations	Management Representations	None	None	
ISA 600	Using the Work of Another Auditor	Using the Work of Another Auditor	None	None	
ISA 610	Considering the Work of Internal Auditing	Considering the Work of Internal Auditing	None	None	
ISA 620	Using the Work of an Expert	Using the Work of an Expert	None	None	
ISA 700	The Auditor's Report on Financial Statements Effective for audits of financial statements for periods ending on or	The Auditor's Report on Financial Statements Effective for audits of financial statements for periods ending on or after September	Adopted with qualification that Form of Auditors' Report should be in accordance with the Companies Ordinance 1984 and other relevant laws.		

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	after September 30, 2002	30, 2002			
ISA 710	Comparatives Effective for reports issued or reissued on or after July 1, 1997	Comparatives Effective for reports issued or reissued on or after July 1, 1997	None	None	
ISA 720	Other Information in Documents Containing Audited Financial Statements	Other Information in Documents Containing Audited Financial Statements Effective for audits of financial statements for periods beginning on or after July 1, 2006	None	None	
ISA 800	The Auditor's Report on Special Purpose Audit	The Auditor's Report on Special Purpose Audit Engagements	None	None	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Engagements				
	International Auditing Practice Statements (IAPSs)	International Auditing Practice Statements (IAPSs)	None	None	
IAPS 1000	Inter-Bank Confirmation Procedures	Being Considered for adoption			
IAPS 1004	The Relationship Between Bank Supervisors and Banks' External Auditors	Being Considered for adoption			
IAPS 1005	The Special Considerations in the Audit of Small Entities	Being Considered for adoption			
IAPS 1006	Audits of the Financial Statements of Banks	Being Considered for adoption			
IAPS 1010	The Consideration of Environmental	Being Considered for adoption			

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state “None”)	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Matters in the Audit of Financial Statements				
IAPS 1012	Auditing Derivative Financial Instruments			Being Considered for adoption	
IAPS 1013	Electronic Commerce—Effect on the Audit of Financial Statements			Being Considered for adoption	
IAPS 1014	Reporting by Auditors on Compliance With International Financial Reporting Standards Approved in March 2003 for publication on June 1, 2003			Being Considered for adoption	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	International Standards on Review Engagements (ISREs)				
ISRE 2400	Engagements to Review Financial Statements (Previously ISA 910)	Being Considered for adoption			
	International Standards on Assurance Engagements (ISAEs)				
ISAE 3000	Assurance Engagements Other Than Audits or Reviews of Historical Financial Information	Assurance Engagements Other Than Audits or Reviews of Historical Financial Information Effective for	None	None	

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Effective for assurance reports dated on or after January 1, 2005	assurance reports issued on or after December 31, 2006			
ISAE 3400	The Examination of Prospective Financial Information (Previously ISA 810)	Being Considered for adoption			
	International Standards on Related Services (ISRSs)				
ISRS 4400	Engagements to Perform Agreed-upon Procedures Regarding Financial Information (Previously ISA 920)	Being Considered for adoption			
ISRS 4410	Engagements to Compile Financial	Being Considered for adoption			

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No.	IAASB Pronouncements Issued and in Effect ¹ as of September 30, 2005	State the name and effective date of the national auditing standard and related pronouncement that addresses this IAASB pronouncement. ²	Describe any national auditing standards and related pronouncements requirements that are not required by the IAASB pronouncements (or state "None")	Describe the IAASB principles, procedures or related guidance that are omitted from or modified to comply with national requirements or practices (or state "None")	Comment Box for additional relevant information
	Information (Previously ISA 930)				

IAASB Pronouncements Issued but Not in Effect as of September 30, 2005

The following IAASB pronouncements have been issued but are not in effect as of September 30, 2005.

	IAASB Pronouncements Issued and not in Effect ¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If "yes", please state the name of the pronouncement and its effective date.	If "no", please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
ISA 230 (Revised)	Audit Documentation Effective for audits of historical financial	Yes	Audit Documentation Effective for audits of historical financial		

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter's work program or the reasons why it has not yet been addressed.

	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
	information for periods beginning on or after June 15, 2006		information for periods beginning on or after June 15, 2006		
ISA 700 (Revised)	The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements Effective for auditors’ reports’ dated on or after December 31, 2006	Yes	The Independent Auditor’s Report on a Complete Set of General Purpose Financial Statements Effective for auditors’ reports’ dated on or after December 31, 2006		Adopted with qualification that Form of Auditors’ Report should be in accordance with the Companies Ordinance 1984 and other relevant laws.
ISA 701	Modifications to the Independent Auditor’s Report Effective for auditors’ reports’ dated on or after December 31,	No	-	Yes. Being considered for adoption by the Institute.	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
	2006				
ISRE 2410	Review of Interim Financial Information Performed by the Independent Auditor of the Entity Effective for engagements to review the interim financial information of an audit client for periods beginning on or after December 15, 2006	No	-	Yes. Being considered for adoption by the Institute.	
ISA 200 (Amended)	ISA 200 Amended as a Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods	Yes.	ISA 200 Amended as a Result of ISA 700 (Revised)— Effective for Audits of Financial Statements for Periods Beginning On or After	-	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
	Beginning On or After December 15, 2005		December 15, 2005		
ISA 210 (Amended)	ISA 210 Amended as a Result of ISA 700 (Revised)—Effective for Audits of Financial Statements for Periods Beginning on or after December 15, 2005	Yes	ISA 210 Amended as a Result of ISA 700 (Revised)— Effective for Audits of Financial Statements for Periods Beginning on or after December 15, 2005		
ISA 560 (Amended)	Conforming Amendments to ISA 560 as a Result of ISA 700 (Revised) - Effective for Auditor’s Reports Dated On or After December 31, 2006	Yes	Conforming Amendments to ISA 560 as a Result of ISA 700 (Revised) – Effective for Auditor’s Reports Dated On or After December 31, 2006		
ISA 800 (Amended)	Conforming Amendments to ISA 800 as a Result of ISA 700 (Revised)—Effective for Auditor’s	Yes.	Conforming Amendments to ISA 800 as a Result of ISA 700 (Revised)—	-	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	IAASB Pronouncements Issued and not in Effect¹ as of September 30, 2005	Has this IAASB pronouncement been adopted or otherwise incorporated into national standards on auditing and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
	Reports Dated On or After December 31, 2006		Effective for Auditor’s Reports Dated On or After December 31, 2006		

IAASB Pronouncements that Have Been Withdrawn

The following IAASB pronouncements have been withdrawn and are no longer in effect as of September 30, 2005.

	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information

¹ Where no effective date is indicated, the pronouncement does not have an effective date and is deemed to be effective.

² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
IAPS 1001	IT Environments— Stand-alone Personal Computers – Withdrawn December 2004	Yes	-	-	
IAPS 1002	IT Environments— On-line Computer Systems – Withdrawn December 2004	Yes	-	-	
IAPS 1003	IT Environments— Database Systems – Withdrawn December 2004	Yes	-	-	
IAPS 1007	Communications With Management— Withdrawn	Yes	-	-	
IAPS 1008	Risk Assessments and Internal Control—	Yes	-	-	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
	CIS Characteristics and Considerations – Withdrawn December 2004				
IAPS 1009	Computer-assisted Audit Techniques – Withdrawn December 2004	Yes	-	-	
IAPS 1011	Implications for Management and Auditors of the Year 2000 Issue— Withdrawn	Yes	-	-	

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² Where the IAASB pronouncement has not yet been addressed in national auditing standards and related pronouncements, indicate whether it is in the standard-setter’s work program or the reasons why it has not yet been addressed.

SMO 4: Provisions Relating to Threats to Independence

Section 290 of the revised IFAC Code of Ethics describe circumstances and relationships that may give rise to threats to independence so significant that no safeguard could reduce the threat to an acceptable level. Section 290 of the revised IFAC Code of Ethics is applicable to assurance engagements when the assurance report is dated on or after June 30, 2006.

The purpose of this report is to understand whether your country's national ethical requirements currently contain the same, equivalent or similar requirements as the revised IFAC Code of Ethics. If not, the report provides a basis for IFAC member bodies to explain whether the revised Section 290 is currently under development or how the national ethical requirements differ from the IFAC Code of Ethics.

Appendix 1 includes an extract of the relevant paragraphs of Section 290 of the revised IFAC Code of Ethics. It is necessary to refer to the full text of the Code of Ethics and the definitions as extracts do not include relevant concepts and definitions.

SMO 4: Provisions Relating to Threats to Independence

In completing this report, IFAC members and associate should refer to the terms defined in the revised IFAC Code of Ethics (see Definitions)

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	General:			
1.	290.13	Yes		
2.	290.21	Yes		
	Restricted Use Reports:			
3.	290.19	Yes		
	Engagement Period:			
4.	290.31	Yes		
5.	290.32	Yes		
6.	Provisions Applicable to All Assurance Clients:			
7.	290.106	Yes		
	Provisions Applicable to Financial Statement Audit Clients:			

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
8.	290.113	Yes		
9.	290.114	Yes		
10.	290.115	Yes		
11.	290.117	Yes		
12.	290.119	Yes		
13.	290.121	Yes		
	Provisions Applicable to Non-Financial Statement Audit Assurance Clients:			
14.	290.122	Yes		
15.	290.123	Yes		
16.	290.124	Yes		
	Loans and Guarantees:			
17.	290.129	Yes		
18.	290.130	Yes		
19.	290.131	Yes		
20.	Close Business Relationships With Assurance Clients:			
21.	290.132	Yes		
	Family and			

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	Personal Relationships:			
22.	290.136	Yes		
	Recent Service with Assurance Clients:			
23.	290.147	Yes		
	Serving as an Officer or Director on the Board of Assurance Clients:			
24.	290.149	Yes		
25.	290.151	Yes		
	Financial Statement Audit Clients That are Listed Entities:			
26.	290.154	Yes		
	Provision of Non-Assurance services to Assurance Clients:			
27.	290.158	Yes		
28.	290.159	Yes		

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
29.	Preparing Accounting Records and Financial Statements:			
30.	290.167	Yes		
31.	290.171	Yes		Please refer to Annexure “A” for additional information.
	Valuation Services:			
32.	290.176	Yes		
	Provision of Internal Audit Services to Financial Statement Audit Clients:			
33.	290.185	Yes		
	Provision of IT Systems Services to Financial Statement Audit Client:			
34.	290.188	Yes		

	Paragraph (refer to the full text of the relevant paragraph in the revised IFAC Code of Ethics)	Does the same /equivalent or similar national ethical requirement exist? Answer Options: 1. Yes 2. No 3. Under development – please describe 4. Other – please describe	Describe differences between the revised IFAC Code and the national ethical requirements including differences in scope of application and required actions and safeguards by the professional accountant.	Comment Box for additional information
	Temporary Staff Assignments to Financial Statement Audit Clients:			
35.	290.192	Yes		
36.	290.200	Yes		
37.	290.202	Yes		
38.	290.204	Yes		
	Pricing:			
39.	290.209	Yes		
	Contingent Fees:			
40.	290.11	Yes		
	Gifts and Hospitality:			
41.	290.213	Yes		

Appendix 1: Section 290 Provisions

The following paragraphs from section 290 of the revised IFAC Code of Ethics describe circumstances and relationships that may give rise to threats to independence so significant that no safeguard could reduce the threat to an acceptable level. The provisions are effective.

General

- 290.13 The nature of the threats to independence and the applicable safeguards necessary to eliminate the threats or reduce them to an acceptable level differ depending on the characteristics of the individual assurance engagement: whether it is a financial statement audit engagement or another type of assurance engagement; and in the latter case, the purpose, subject matter information and intended users of the report. A firm should, therefore, evaluate the relevant circumstances, the nature of the assurance engagement and the threats to independence in deciding whether it is appropriate to accept or continue an engagement, as well as the nature of the safeguards required and whether a particular individual should be a member of the assurance team.
- 290.21 The threats and safeguards identified in this section are generally discussed in the context of interests or relationships between the firm, network firms, members of the assurance team and the assurance client. In the case of a financial statement audit client that is a listed entity, the firm and any network firms are required to consider the interests and relationships that involve that client's related entities. Ideally those entities and the interests and relationships should be identified in advance. For all other assurance clients, when the assurance team has reason to believe that a related entity of such an assurance client is relevant to the evaluation of the firm's independence of the client, the assurance team should consider that related entity when evaluating independence and applying appropriate safeguards.

Restricted Use Reports

- 290.19 In the case of an assurance report in respect of a non-financial statement audit client expressly restricted for use by identified users, the users of the report are considered to be knowledgeable as to the purpose, subject matter information and limitations of the report through their participation in establishing the nature and scope of the firm's instructions to deliver the services, including the criteria against which the subject matter are to be evaluated or measured. This knowledge and the enhanced ability of the firm to communicate about safeguards with all users of the report increase the effectiveness of safeguards to independence in appearance. These circumstances may be taken into account by the firm in evaluating the threats to independence and considering the applicable safeguards necessary to eliminate the threats or reduce them to an acceptable level. At a minimum, it will be necessary to apply the provisions of this section in evaluating the independence of members of the assurance team and their immediate and close family. Further, if the firm had a material financial interest,

whether direct or indirect, in the assurance client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Limited consideration of any threats created by network firm interests and relationships may be sufficient.

Objective and Structure of This Section

290.24 The objective of this section is to assist firms and members of assurance teams in:

- (a) Identifying threats to independence;
- (b) Evaluating whether these threats are clearly insignificant; and
- (c) In cases when the threats are not clearly insignificant, identifying and applying appropriate safeguards to eliminate or reduce the threats to an acceptable level.

Consideration should always be given to what a reasonable and informed third party having knowledge of all relevant information, including safeguards applied, would reasonably conclude to be unacceptable. In situations when no safeguards are available to reduce the threat to an acceptable level, the only possible actions are to eliminate the activities or interest creating the threat, or to refuse to accept or continue the assurance engagement.

Engagement Period

290.31 The members of the assurance team and the firm should be independent of the assurance client during the period of the assurance engagement. The period of the engagement starts when the assurance team begins to perform assurance services and ends when the assurance report is issued, except when the assurance engagement is of a recurring nature. If the assurance engagement is expected to recur, the period of the assurance engagement ends with the notification by either party that the professional relationship has terminated or the issuance of the final assurance report, whichever is later.

290.32 In the case of a financial statement audit engagement, the engagement period includes the period covered by the financial statements reported on by the firm. When an entity becomes a financial statement audit client during or after the period covered by the financial statements that the firm will report on, the firm should consider whether any threats to independence may be created by:

- Financial or business relationships with the audit client during or after the period covered by the financial statements, but prior to the acceptance of the financial statement audit engagement; or
- Previous services provided to the audit client.

Similarly, in the case of an assurance engagement that is not a financial statement audit engagement, the firm should consider whether any financial or business relationships or previous services may create threats to independence.

Provisions Applicable to All Assurance Clients

- 290.106 If a member of the assurance team, or their immediate family member, has a direct financial interest, or a material indirect financial interest, in the assurance client, the self-interest threat created would be so significant the only safeguards available to eliminate the threat or reduce it to an acceptable level would be to:
- (a) Dispose of the direct financial interest prior to the individual becoming a member of the assurance team;
 - (b) Dispose of the indirect financial interest in total or dispose of a sufficient amount of it so that the remaining interest is no longer material prior to the individual becoming a member of the assurance team; or
 - (c) Remove the member of the assurance team from the assurance engagement.

Provisions Applicable to Financial Statement Audit Clients

- 290.113 If a firm, or a network firm, has a direct financial interest in a financial statement audit client of the firm the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, disposal of the financial interest would be the only action appropriate to permit the firm to perform the engagement.
- 290.114 If a firm, or a network firm, has a material indirect financial interest in a financial statement audit client of the firm a self-interest threat is also created. The only actions appropriate to permit the firm to perform the engagement would be for the firm, or the network firm, either to dispose of the indirect interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.115 If a firm, or a network firm, has a material financial interest in an entity that has a controlling interest in a financial statement audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. The only actions appropriate to permit the firm to perform the engagement would be for the firm, or the network firm, either to dispose of the financial interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.117 If other partners, including partners who do not perform assurance engagements, or their immediate family, in the office in which the engagement partner practices in connection with the financial statement audit hold a direct financial interest or a material indirect financial interest in that audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Accordingly, such partners or their immediate family should not hold any such financial interests in such an audit client.

- 290.119 If other partners and managerial employees who provide non-assurance services to the financial statement audit client, except those whose involvement is clearly insignificant, or their immediate family, hold a direct financial interest or a material indirect financial interest in the audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Accordingly, such personnel or their immediate family should not hold any such financial interests in such an audit client.
- 290.121 A self-interest threat may be created if the firm, or the network firm, or a member of the assurance team has an interest in an entity and a financial statement audit client, or a director, officer or controlling owner thereof also has an investment in that entity. Independence is not compromised with respect to the audit client if the respective interests of the firm, the network firm, or member of the assurance team, and the audit client, or director, officer or controlling owner thereof are both immaterial and the audit client cannot exercise significant influence over the entity. If an interest is material, to either the firm, the network firm or the audit client, and the audit client can exercise significant influence over the entity, no safeguards are available to reduce the threat to an acceptable level and the firm, or the network firm, should either dispose of the interest or decline the audit engagement. Any member of the assurance team with such a material interest should either:
- (a) Dispose of the interest;
 - (b) Dispose of a sufficient amount of the interest so that the remaining interest is no longer material; or
 - (c) Withdraw from the audit.
- 290.122 If a firm has a direct financial interest in an assurance client that is not a financial statement audit client the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, disposal of the financial interest would be the only action appropriate to permit the firm to perform the engagement.
- 290.123 If a firm has a material indirect financial interest in an assurance client that is not a financial statement audit client a self-interest threat is also created. The only action appropriate to permit the firm to perform the engagement would be for the firm to either dispose of the indirect interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.
- 290.124 If a firm has a material financial interest in an entity that has a controlling interest in an assurance client that is not a financial statement audit client, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level. The only action appropriate to permit the firm to perform the engagement would be for the firm either to dispose of the financial interest in total or to dispose of a sufficient amount of it so that the remaining interest is no longer material.

Loans and Guarantees

- 290.129 If the firm, or a member of the assurance team, makes a loan to an assurance client, that is not a bank or similar institution, or guarantees such an assurance client's borrowing, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both the firm or the member of the assurance team and the assurance client.
- 290.130 Similarly, if the firm or a member of the assurance team accepts a loan from, or has borrowing guaranteed by, an assurance client that is not a bank or similar institution, the self-interest threat created would be so significant no safeguard could reduce the threat to an acceptable level, unless the loan or guarantee is immaterial to both the firm or the member of the assurance team and the assurance client.
- 290.131 The examples in paragraphs 290.126 through 290.130 relate to loans and guarantees between the firm and an assurance client. In the case of a financial statement audit engagement, the provisions should be applied to the firm, all network firms and the audit client.
- 290.132 In the case of a financial statement audit client, unless the financial interest is immaterial and the relationship is clearly insignificant to the firm, the network firm and the audit client, no safeguards could reduce the threat to an acceptable level. In the case of an assurance client that is not a financial statement audit client, unless the financial interest is immaterial and the relationship is clearly insignificant to the firm and the assurance client, no safeguards could reduce the threat to an acceptable level. Consequently, in both these circumstances the only possible courses of action are to:
- (a) Terminate the business relationship;
 - (b) Reduce the magnitude of the relationship so that the financial interest is immaterial and the relationship is clearly insignificant; or
 - (c) Refuse to perform the assurance engagement.

Unless any such financial interest is immaterial and the relationship is clearly insignificant to the member of the assurance team, the only appropriate safeguard would be to remove the individual from the assurance team.

Family and Personal Relationships

- 290.136 When an immediate family member of a member of the assurance team is a director, an officer or an employee of the assurance client in a position to exert direct and significant influence over the subject matter information of the assurance engagement, or was in such a position during any period covered by the engagement, the threats to independence can only be reduced to an acceptable level by removing the individual from the assurance team. The

closeness of the relationship is such that no other safeguard could reduce the threat to independence to an acceptable level. If application of this safeguard is not used, the only course of action is to withdraw from the assurance engagement. For example, in the case of an audit of financial statements, if the spouse of a member of the assurance team is an employee in a position to exert direct and significant influence over the preparation of the audit client's accounting records or financial statements, the threat to independence could only be reduced to an acceptable level by removing the individual from the assurance team.

Recent Services with Assurance Clients

290.147 If, during the period covered by the assurance report, a member of the assurance team had served as an officer or director of the assurance client, or had been an employee in a position to exert direct and significant influence over the subject matter information of the assurance engagement, the threat created would be so significant no safeguard could reduce the threat to an acceptable level. Consequently, such individuals should not be assigned to the assurance team.

Serving as an Officer or Director on the Board of Assurance Clients

290.149 If a partner or employee of the firm serves as an officer or as a director on the board of an assurance client the self-review and self-interest threats created would be so significant no safeguard could reduce the threats to an acceptable level. In the case of a financial statement audit engagement, if a partner or employee of a network firm were to serve as an officer or as a director on the board of the audit client the threats created would be so significant no safeguard could reduce the threats to an acceptable level. Consequently, if such an individual were to accept such a position the only course of action is to refuse to perform, or to withdraw from the assurance engagement.

290.151 If a partner or employee of the firm or a network firm serves as Company Secretary for a financial statement audit client the self-review and advocacy threats created would generally be so significant, no safeguard could reduce the threat to an acceptable level. When the practice is specifically permitted under local law, professional rules or practice, the duties and functions undertaken should be limited to those of a routine and formal administrative nature such as the preparation of minutes and maintenance of statutory returns.

Financial Statement Audit Clients That are Listed Entities

290.154 Using the same engagement partner or the same individual responsible for the engagement quality control review on a financial statement audit over a prolonged period may create a familiarity threat. This threat is particularly relevant in the context of the financial statement audit of a listed entity and safeguards should be applied in such situations to reduce such threat to an

acceptable level. Accordingly in respect of the financial statement audit of listed entities:

- (a) The engagement partner and the individual responsible for the engagement quality control review should be rotated after serving in either capacity, or a combination thereof, for a pre-defined period, normally no more than seven years; and
- (b) Such an individual rotating after a pre-defined period should not participate in the audit engagement until a further period of time, normally two years, has elapsed.

Provision of Non-assurance Services to Assurance Clients

290.158 Firms have traditionally provided to their assurance clients a range of non-assurance services that are consistent with their skills and expertise. Assurance clients value the benefits that derive from having these firms, which have a good understanding of the business, bring their knowledge and skill to bear in other areas. Furthermore, the provision of such non-assurance services will often result in the assurance team obtaining information regarding the assurance client's business and operations that is helpful in relation to the assurance engagement. The greater the knowledge of the assurance client's business, the better the assurance team will understand the assurance client's procedures and controls, and the business and financial risks that it faces. The provision of non-assurance services may, however, create threats to the independence of the firm, a network firm or the members of the assurance team, particularly with respect to perceived threats to independence. Consequently, it is necessary to evaluate the significance of any threat created by the provision of such services. In some cases it may be possible to eliminate or reduce the threat created by application of safeguards. In other cases no safeguards are available to reduce the threat to an acceptable level.

290.159 The following activities would generally create self-interest or self-review threats that are so significant that only avoidance of the activity or refusal to perform the assurance engagement would reduce the threats to an acceptable level:

- Authorizing, executing or consummating a transaction, or otherwise exercising authority on behalf of the assurance client, or having the authority to do so.
- Determining which recommendation of the firm should be implemented.
- Reporting, in a management role, to those charged with governance.

Preparing Accounting Records and Financial Statements

290.167 It is the responsibility of financial statement audit client management to ensure that accounting records are kept and financial statements are prepared, although

they may request the firm to provide assistance. If firm, or network firm, personnel providing such assistance make management decisions, the self-review threat created could not be reduced to an acceptable level by any safeguards. Consequently, personnel should not make such decisions. Examples of such managerial decisions include:

- Determining or changing journal entries, or the classifications for accounts or transaction or other accounting records without obtaining the approval of the financial statement audit client;
- Authorizing or approving transactions; and
- Preparing source documents or originating data (including decisions on valuation assumptions), or making changes to such documents or data.

Financial Statement Audit Clients That are Listed Entities

290.171 The provision of accounting and bookkeeping services, including payroll services and the preparation of financial statements or financial information which forms the basis of the financial statements on which the audit report is provided, on behalf of a financial statement audit client that is a listed entity, may impair the independence of the firm or network firm, or at least give the appearance of impairing independence. Accordingly, no safeguard other than the prohibition of such services, except in emergency situations and when the services fall within the statutory audit mandate, could reduce the threat created to an acceptable level. Therefore, a firm or a network firm should not, with the limited exceptions below, provide such services to a listed entity that is a financial statement audit client.

Valuation Services

290.176 If the valuation service involves the valuation of matters material to the financial statements and the valuation involves a significant degree of subjectivity, the self-review threat created could not be reduced to an acceptable level by the application of any safeguard. Accordingly, such valuation services should not be provided or, alternatively, the only course of action would be to withdraw from the financial statement audit engagement.

Provision of Internal Audit Services to Financial Statement Audit Clients

290.185 Safeguards that should be applied in all circumstances to reduce any threats created to an acceptable level include ensuring that:

- (a) The audit client is responsible for internal audit activities and acknowledges its responsibility for establishing, maintaining and monitoring the system of internal controls;
- (b) The audit client designates a competent employee, preferably within senior management, to be responsible for internal audit activities;
- (c) The audit client, the audit committee or supervisory body approves the scope, risk and frequency of internal audit work;

- (d) The audit client is responsible for evaluating and determining which recommendations of the firm should be implemented;
- (e) The audit client evaluates the adequacy of the internal audit procedures performed and the findings resulting from the performance of those procedures by, among other things, obtaining and acting on reports from the firm; and
- (f) The findings and recommendations resulting from the internal audit activities are reported appropriately to the audit committee or supervisory body.

Provision of IT Systems Services to Financial Statement Audit Clients

290.188 The self-review threat is likely to be too significant to allow the provision of such services to a financial statement audit client unless appropriate safeguards are put in place ensuring that:

- (a) The audit client acknowledges its responsibility for establishing and monitoring a system of internal controls;
- (b) The audit client designates a competent employee, preferably within senior management, with the responsibility to make all management decisions with respect to the design and implementation of the hardware or software system;
- (c) The audit client makes all management decisions with respect to the design and implementation process;
- (d) The audit client evaluates the adequacy and results of the design and implementation of the system; and
- (e) The audit client is responsible for the operation of the system (hardware or software) and the data used or generated by the system.

Temporary Staff Assignments to Financial Statement Audit Client

290.192 The lending of staff by a firm, or network firm, to a financial statement audit client may create a self-review threat when the individual is in a position to influence the preparation of a client's accounts or financial statements. In practice, such assistance may be given (particularly in emergency situations) but only on the understanding that the firm's or network firm's personnel will not be involved in:

- (a) Making management decisions;
- (b) Approving or signing agreements or other similar documents; or
- (c) Exercising discretionary authority to commit the client.

Each situation should be carefully analyzed to identify whether any threats are created and whether appropriate safeguards should be implemented. Safeguards

that should be applied in all circumstances to reduce any threats to an acceptable level include:

- The staff providing the assistance should not be given audit responsibility for any function or activity that they performed or supervised during their temporary staff assignment; and
- The audit client should acknowledge its responsibility for directing and supervising the activities of firm, or network firm, personnel.

Provision of Legal Services to Financial Statement Audit Clients

290.200 Acting for a financial statement audit client in the resolution of a dispute or litigation in such circumstances when the amounts involved are material in relation to the financial statements of the audit client would create advocacy and self-review threats so significant no safeguard could reduce the threat to an acceptable level. Therefore, the firm should not perform this type of service for a financial statement audit client.

290.202 The appointment of a partner or an employee of the firm or network firm as General Counsel for legal affairs to a financial statement audit client would create self-review and advocacy threats that are so significant no safeguards could reduce the threats to an acceptable level. The position of General Counsel is generally a senior management position with broad responsibility for the legal affairs of a company and consequently, no member of the firm or network firm should accept such an appointment for a financial statement audit client.

Corporate Finance and Similar Activities

290.204 The provision of corporate finance services, advice or assistance to an assurance client may create advocacy and self-review threats. In the case of certain corporate finance services, the independence threats created would be so significant no safeguards could be applied to reduce the threats to an acceptable level. For example, promoting, dealing in, or underwriting of an assurance client's shares is not compatible with providing assurance services. Moreover, committing the assurance client to the terms of a transaction or consummating a transaction on behalf of the client would create a threat to independence so significant no safeguard could reduce the threat to an acceptable level. In the case of a financial statement audit client the provision of those corporate finance services referred to above by a firm or a network firm would create a threat to independence so significant no safeguard could reduce the threat to an acceptable level.

Contingent Fees

290.211 A contingent fee charged by a firm in respect of an assurance engagement creates self-interest and advocacy threats that cannot be reduced to an

acceptable level by the application of any safeguard. Accordingly, a firm should not enter into any fee arrangement for an assurance engagement under which the amount of the fee is contingent on the result of the assurance work or on items that are the subject matter information of the assurance engagement.

Gifts and Hospitality

290.213 Accepting gifts or hospitality from an assurance client may create self-interest and familiarity threats. When a firm or a member of the assurance team accepts gifts or hospitality, unless the value is clearly insignificant, the threats to independence cannot be reduced to an acceptable level by the application of any safeguard. Consequently, a firm or a member of the assurance team should not accept such gifts or hospitality.

ANNEXURE “A”

Currently as per the Directive 4.16 issued by the Institute of Chartered Accountants of Pakistan the Chartered Accountants in practice shall not, either directly or through a person associated with such Chartered Accountants in practice, render any services to such listed companies of which they are auditors under section 252 of the Companies Ordinance, 1984 other than the following services (here-in-after referred to as “exempted services”)

- “1. Attestation, certifications, special purpose audits/reviews and agreed-upon procedures as defined in the International Standards on Auditing (ISAs)
2. Taxation services
3. Opinion on accounting standards
4. Information Risk Management (IRM) Assurance and Risk Management Reviews
5. Corporate law compliance services including representation before authorities
6. Financial due diligence exercise in relation to acquisitions and mergers.”

SERVICES NOT PERMITTED TO BE RENDERED BY AN AUDITOR TO ITS LISTED AUDIT CLIENT

But it may be noted that recently the Securities and Exchange Commission of Pakistan at the recommendation of the Council of the Institute of Chartered Accountants of Pakistan has requested all the three Stock Exchanges of the country to include the following services not permitted to be rendered by an auditor to its listed audit client in their listing Regulations:

1. Preparing financial statements, accounting records and accounting services.
2. Financial information technology system design and implementation, significant to overall financial statements;
3. Appraisal or valuation services for material items of financial statements;
4. Acting as an Appointed Actuary within the meaning of the term defined by the Insurance Ordinance, 2000;
5. Actuarial advice and reviews in respect of provisioning and loss assessments for an insurance entity;
6. Internal audit services related to internal accounting controls, financial systems or financial statements;
7. Human resource services relating to;
 - i) executive recruitment;
 - ii) work performed (including secondments) where management decisions will be made on behalf of an audit client;
8. Legal services;

9. Management functions or decisions; and
10. Corporate finance services, advice or assistance which may involve independence threats such as promoting, dealing in or underwriting of shares of audit clients.
11. Share Registration Services (Transfer Agents) and
12. Any other service(s) which the Council with the prior approval of the Securities and Exchange Commission of Pakistan, may determine to be a “prohibited service”.

Note:

The above list of prohibited services is to be included in the Listing Regulations of the three stock Exchanges of the Country.

EXTRACTS FROM THE LISTING REGULATIONS

REGULATIONS 31-B

No listed company shall appoint or continue to retain any person as an auditor, who has been found guilty of professional misconduct, by the Commission or by a Court of Law, for a period of three years unless a lesser period is determined by the Commission. In case a firm has been appointed as an auditor, and if any of its partners has been held guilty of professional misconduct, the firm shall only be eligible for appointment as an auditor provided a written confirmation is given by the firm to all the stock exchanges of the country and the Commission with a copy to ICAP to the effect that such a partner shall not be engaged in the audit of any listed company for the specified period.

REGULATIONS 31-C

- (i) No listed company shall, after 31 May 2002, appoint or continue to retain any person as an auditor who is engaged by the company as a consultant or advisor or to provide any service, including services related to the designing of accounting systems or compilation of accounts.
- (ii) A listed company shall also not appoint or continue to retain any person as an auditor, if a person associated with the auditor is, or has been, at any time during the preceding three months engaged as a consultant or advisor or to provide any service, including service related to the designing of accounting systems or compilation of accounts. However, any services provided by such associate prior to 31 May 2002 shall not be subject to this restriction.

Explanation: For the purposes of this regulation, the expression "associated with" shall mean any person associated with the auditor, if the person:-

- a. is a partner in a firm, or is a director in a company, or holds or controls shares carrying more than twenty per cent of the voting power in a company, and the auditor is also partner of that firm, or is a director in that company or so holds or controls shares in such company; or
 - b. is a company or body corporate in which the auditor is a director or holds or controls shares carrying more than twenty per cent of the voting power in that company or has other interest to that extent.
- (iv) In connection with share registration services, (transfer agents) an auditor or a person associated with him of a listed company rendering such services to its audit clients may continue to do so under existing or renewed contracts/arrangements until 30 June 2003.

The Commission may, in its sole discretion and to the extent deemed fit and proper exempt one or more services from the restriction aforesaid. ICAP also may, with the prior written approval of the Commission, and to the extent deemed fit and proper, exempt one or more services from this restriction.

REGULATIONS 37

- (xxvii) All listed companies shall ensure that the firm of external auditors or any partner in the firm of external auditors and his spouse and minor children do not at any time hold, purchase, sell or take any position in shares of the listed company or any of its associated companies or undertakings:

Provided that where a firm or a partner or his spouse or minor child owns shares in a listed company, being the audit client, prior to the appointment as auditors, such listed company shall

take measures to ensure that the auditors disclose the interest to the listed company within 14 days of appointment and divest themselves of such interest not later than 90 days thereof.

- (xxxvii) No listed company shall appoint as external auditors a firm of auditors which has not been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan.
- (xxxviii) No listed company shall appoint as external auditors a firm of auditors which firm or a partner of which firm is non-compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.
- (xi) No listed company shall appoint its auditors to provide services in addition to audit except in accordance with the regulations and shall require the auditors to observe applicable IFAC guidelines in this regard and shall ensure that the auditors do not perform management functions or make management decisions, responsibility for which remains with the Board of Directors and management of the listed company.
- (xli) (a) All listed companies in the financial sector shall change their external auditors every five years. Financial sector, for this purpose, means Banks, Non-Banking Finance Companies (NBFCs), Modarabas and Insurance Companies; and
(b) all listed companies other than those in the financial sector shall, at a minimum, rotate the engagement partner after every five years
- (xlii) No listed company shall appoint a person as the CEO, the CFO, an internal auditor or a director of the listed company who was a partner of the firm of its external auditors (or an employee involved in the audit of the listed company) at any time during the two years preceding such appointment or is a close relative, i.e. spouse, parents, dependents and non-dependent children, of such partner (or employee).
- (xlili) Every listed company shall require external auditors to furnish a Management Letter to its Board of Directors not later than 30 days from the date of audit report.
- (xliv) Every listed company shall require a partner of the firm of its external auditors to attend the Annual General Meeting at which audited accounts are placed for consideration and approval of shareholders.
- (xlvi) All listed companies shall ensure that the statement of compliance with the best practices of corporate governance is reviewed and certified by statutory auditors, where such compliance can be objectively verified, before publication by listed companies.

SMO 7: Comparison with IASB Pronouncements

Objective

The purpose of this report is to understand how national accounting standards (NAS) and related pronouncements compare with pronouncements issued by the International Accounting Standards Board (IASB). The comparison seeks to understand whether there are differences between national pronouncements and IASB pronouncements and the reasons for these differences. These differences often exist because of conflicts between the IASB pronouncement and requirements stipulated by national law or regulation. Other times differences exist because of timing differences between the national standard-setter's work program and the IASB's work program.

The differences may be in the form of specific IASB pronouncements, individual requirements or related guidance within an IASB pronouncement that is not in the NAS and related pronouncement. There may also be differences in the form of principles, alternatives, or related guidance in NAS and related pronouncements that are not required or addressed by IASB pronouncements. Information obtained about the differences will assist the Compliance Advisory Panel in understanding the special conditions, challenges, and impediments IFAC member bodies face within their standard-setting and regulatory framework and convergence with IASB pronouncements.

This report includes a listing of IASB pronouncements that have been issued or amended and are in effect as of **September 30, 2005**. Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions. To access IASB's pronouncements, contact the IASB or refer to their website at www.iasb.org

Instructions to the SMO 7: Comparison with IASB Pronouncements

Respondents are asked to provide the following information:

1. Provide the name and effective date of the national accounting standard (NAS) and related pronouncement which address the IASB pronouncement. Where the IASB pronouncement has not yet been addressed in NAS and related pronouncements, indicate whether it is in the standard-setter's work program or describe the special conditions, challenges, impediments or other reasons why it has not yet been addressed
2. Describe the requirements or related guidance in NASs and related pronouncements that are not required by the IASB pronouncement. Include a brief description about the legal, regulatory, or other national practice giving rise to this difference.
3. Describe the IASB requirement or related guidance that has been omitted from or modified in the NAS and related pronouncements in order to comply with national requirements and practices. Include a brief description about the legal, regulatory, or other national practice giving rise to this omission or modification.
4. Additional information may be provided in the Comment Box or by attaching additional pages.
5. To avoid duplication of effort, where this information is available in other formats, the information may be separately submitted to Compliance Staff.

SMO 7: Comparison with IASB Pronouncements

	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Framework for the Preparation and Presentation of Financial Statements	Framework for the Preparation and Presentation of Financial Statements	None	None	Considered as adopted therefore not separately notified.
IFRS 1	First-time Adoption of International Financial Reporting Standards				Adoption of this standard is being considered by the Institute.
IFRS 2	Share-based Payment	Share-based Payment - The	None	None	This standard has been adopted by the Council of

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	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
		standard is proposed to be effective for periods beginning on or after January 1, 2007.			the Institute and will shortly be notified by the Securities and Exchange Commission of Pakistan.
IFRS 3	Business Combinations	Business Combinations - The standard is proposed to be effective for periods beginning on or after January 1, 2007.	None	None	This standard has been adopted by the Council of the Institute and will shortly be notified by the Securities and Exchange Commission of Pakistan.
IFRS 4	Insurance Contracts				Adoption of this standard has been deferred till finalization of phase II of IASB’s Insurance Project
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Non-current Assets Held for Sale and Discontinued Operations - The standard is	None	None	This standard has been adopted by the Council of the Institute and will shortly be notified by the Securities and Exchange

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	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
		proposed to be effective for periods beginning on or after January 1, 2007.			Commission of Pakistan.
IAS 1	Presentation of Financial Statements	Presentation of Financial Statements	None	None	
IAS 2	Inventories	Inventories	None	None	
IAS 7	Cash Flow Statements	Cash Flow Statements	None	None	
IAS 8	Accounting Policies, Changes in Accounting Estimates, and Errors	Accounting Policies, Changes in Accounting Estimates, and Errors	None	None	
IAS 10	Events after the Balance Sheet Date	Events after the Balance Sheet Date	None	None	
IAS 11	Construction Contracts	Construction Contracts	None	None	

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² Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
IAS 12	Income Taxes	Income Taxes	None	None	
IAS 14	Segment Reporting	Segment Reporting	None	None	
IAS 16	Property, Plant and Equipment	Property, Plant and Equipment	None	None	
IAS 17	Leases	Leases	None	None	
IAS 18	Revenue	Revenue	None	None	
IAS 19	Employee Benefits	Employee Benefits	None	None	
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Accounting for Government Grants and Disclosure of Government Assistance	None	None	
IAS 21	The Effects of Changes in Foreign Exchange Rates	The Effects of Changes in Foreign Exchange Rates	None	None	
IAS 23	Borrowing Costs	Borrowing Costs	None	None	
IAS 24	Related Party	Related Party	None	None	

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	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Disclosures	Disclosures			
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Accounting and Reporting by Retirement Benefit Plans	None	None	
IAS 27	Consolidated and Separate Financial Statements	Consolidated and Separate Financial Statements	None	None	
IAS 28	Investments in Associates	Investments in Associates	None	None	
IAS 29	Financial Reporting in Hyperinflationary Economies	Not adopted.	N/A	N/A	Considered irrelevant.
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	Disclosures in the Financial Statements of Banks and Similar Financial Institutions	None	None	

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² Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
IAS 31	Interests in Joint Ventures	Interests in Joint Ventures	None	None	
IAS 32	Financial Instruments: Disclosure and Presentation	Financial Instruments: Disclosure and Presentation	None	None	
IAS 33	Earnings per Share	Earnings per Share	None	None	
IAS 34	Interim Financial Reporting	Interim Financial Reporting	None	None	
IAS 36	Impairment of Assets	Impairment of Assets	None	None	
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Provisions, Contingent Liabilities and Contingent Assets	None	None	
IAS 38	Intangible Assets	Intangible Assets	None	None	
IAS 39	Financial Instruments:	Financial Instruments:	None	None	Banks and Development Financial Institutions

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² Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Recognition and Measurement	Recognition and Measurement			(DFIs) have been granted exemption from the applicability of IAS 39.
IAS 40	Investment Property	Investment Property	None	None	Banks and Development Financial Institutions (DFIs) have been granted exemption from the applicability of IAS 40.
IAS 41	Agriculture	Agriculture	None	None	
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	Changes in Existing Decommissioning, Restoration and Similar Liabilities	None	None	IFRICs being interpretations of already adopted and notified standards, are considered as adopted i.e individual IFRIC is not separately adopted and notified but becomes applicable if the standard to which an IFRIC relates is applicable to an entity.
IFRIC 2	Members’ Share in Co-	Members’ Share in Co-operative	None	None	Same as above

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² Each IASB pronouncement contains information about the effective date of the pronouncement and for amendments to the pronouncements. Where applicable, the IASB pronouncement also contains information about transitional provisions. Refer to the IASB pronouncement for information about effective dates and transitional provisions.

	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	operative Entities and Similar Instruments	Entities and Similar Instruments			
IFRIC 4	Determining Whether an Arrangement Contains a Lease	Determining Whether an Arrangement Contains a Lease	None	None	Independent Power Producers (IPPs) have been granted exemption from applicability of IFRIC 4 till June 2007.
IFRIC 5	Rights to Interests Arising From Decommissioning, Restoration and Environmental Rehabilitation Funds	Rights to Interests Arising From Decommissioning, Restoration and Environmental Rehabilitation Funds	None	None	IFRICs being interpretations of already adopted and notified standards, are considered as adopted i.e individual IFRIC is not separately adopted and notified but becomes applicable if the standard to which an IFRIC relates is applicable to an entity.
SIC 7	Introduction of the Euro	Introduction of the Euro	None	None	SICs being interpretations of already adopted and

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	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
					notified standards, are considered as adopted i.e individual SIC is not separately adopted and notified but becomes applicable if the standard to which SIC relates is applicable to an entity.
SIC 10	Government Assistance – No Specific Relation to Operating Activities	Government Assistance – No Specific Relation to Operating Activities	None	None	Same as above
SIC 12	Consolidation – Special Purpose Entities	Consolidation – Special Purpose Entities	None	None	Same as above
SIC 13	Jointly Controlled Entities – Non-Monetary Contributions	Jointly Controlled Entities – Non-Monetary Contributions by Venturers	None	None	Same as above

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	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	by Venturers				
SIC 15	Operating Leases - Incentives	Operating Leases - Incentives	None	None	Same as above
SIC 21	Income Taxes – recovery of Revalued Non-Depreciable Assets	Income Taxes – recovery of Revalued Non-Depreciable Assets	None	None	Same as above
SIC 25	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	None	None	Same as above
SIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	None	None	Same as above
SIC 29	Disclosure – Service	Disclosure – Service Concession	None	None	Same as above

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	IASB pronouncements¹ issued and in effect as of September 30, 2005²	State the name and effective date of the NAS and related pronouncement that addresses this IASB pronouncement	Describe any NAS and related pronouncement requirements that are not required by the IASB pronouncements (or state “None”)	Describe the IASB requirements or guidance that are omitted from or modified to comply with national requirements or practices (or state “None”)	Comment Box for additional relevant information
	Concession Arrangements	Arrangements			
SIC 31	Revenue – Barter Transactions Involving Advertising Services	Revenue – Barter Transactions Involving Advertising Services	None	None	Same as above
SIC 32	Intangible Assets – Web Site Costs	Intangible Assets – Web Site Costs	None	None	Same as above

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IASB Pronouncements Issued but Not in Effect as of September 30, 2005

The following IASB pronouncements have been issued but are not in effect as of September 30, 2005.

	IASB Pronouncements Issued and not in Effect ¹ as of September 30, 2005	Has this IASB pronouncement been adopted or otherwise incorporated into national accounting standards and related pronouncements? (Yes / No)	If “yes”, please state the name of the pronouncement and its effective date.	If “no”, please explain whether this pronouncement has been included in the work program.	Comment Box for additional relevant information
IFRS 6	Exploration for and Evaluation of Mineral Resources	Yes.	<p>Exploration for and Evaluation of Mineral Resources.</p> <p>The standard is proposed to be effective for periods beginning on or after January 1, 2007.</p>		This standard has been adopted by the Council of the Institute and will shortly be notified by the Securities and Exchange Commission of Pakistan.

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IASB Pronouncements that Have Been Withdrawn

The following IASB pronouncements have been withdrawn and are no longer in effect as of September 30, 2005.

	Withdrawn IAASB Pronouncements	Has your organization withdrawn this IAASB pronouncement or the similar / equivalent national standard or pronouncement addressing this subject matter? (Yes / No)	If “no”, please explain whether there are plans to withdraw the pronouncement and provide a description of the plans.	Where there are no plans to withdraw the pronouncement, please explain the reasons, conditions that exist and give rise to the need for this pronouncement.	Comment Box for additional relevant information
IFRIC 3	Emission Rights	Yes.			

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