



# SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

**PRESS RELEASE**  
**September 10**  
**For Immediate Release**

**SECP enforces international financial reporting standards for SMEs & SSEs**

ISLAMABAD, September 10: The Securities and Exchange Commission (SECP) has approved the adoption of International Financial Reporting Standards (IFRS) for Small and Medium Sized Entities (SMEs) and Accounting and Financial Reporting Standards for Small Sized Entities (SSEs). The adoption of international financial reporting standards is effective from annual financial periods beginning on or after January 1, 2015.

The decision will bring transparency, accountability and efficiency to the corporate sector and to meet the requirement of International Organization of Securities Commission (IOSCO) principles.

According to a statement issued on Thursday, all the non-listed public limited companies, which includes in the category of SMEs, are required to file their annual financial statements in accordance with the IFRS for SMEs issued by International Accounting Standards Board (IASB).

Similarly, all the Small Size Entities (SSEs) will be required to prepare their accounts, i.e. balance sheet and profit and loss accounts in accordance with Accounting and Financial Reporting Standards for Small Sized Entities (Revised) (AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan (ICAP).

The adoption of IFRS for SMEs by the SECP shall enhance the credibility of information by giving additional useful disclosures and comprehensive information. In addition, the public non-listed companies, according to their category, shall either follow the IFRS or IFRS for SMEs only while preparing their annual financial statements. The IOSCO standards require public non-listed companies to prepare their financial statements by using a high and internationally acceptable quality accounting standards.

The SECP, while considering the practical difficulties being faced by the non-listed companies and their auditors regarding applicable accounting framework for preparation of their annual financial statements, has issued the notification approving the revision in existing qualifying criteria of non-listed companies.

Non-listed companies are broadly categorized as public interest, large size, medium size and small size companies on the basis of their nature of business/incorporation, paid-up capital, turnover, revenue and donations received (Section 42 companies). Medium and small size companies shall follow the IFRS for SMEs and AFRS for SSEs respectively, whereas all other

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companies including foreign companies shall follow the full IFRS as adopted for listed companies while preparing their annual financial statements.

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