

ICAP HEAD OFFICE

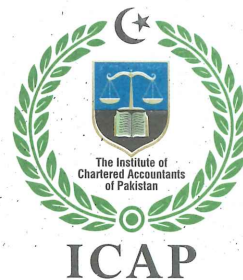
Chartered Accountants Avenue,
Block 8, Clifton, Karachi, 75600
Pakistan.

U: (+92 21) 111 000 422

F: (+92 21) 99251626

W: www.icap.org.pk

Reach Us Out:



Circular No. 4 / 2025

November 20, 2025

ALL MEMBERS OF THE INSTITUTE

Dear Member

Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017 (Revised 2025)

This circular supersedes our earlier circular no. 4 / 2018 dated March 26, 2018 on the subject.

The IASB, through its recent trade mark guidelines, has updated the terminology of International Financial Reporting Standards (IFRSs). The trade mark guidelines require use of term 'IFRS Accounting Standards' instead of International Financial Reporting Standards. Similarly, these guidelines require use of 'IFRS for SMEs Accounting Standard' in place of International Financial Reporting Standard for Small and Medium Sized Companies.

In view of above, this circular incorporates following revisions, in wordings of statements of compliance included in Annexure – III of this circular:

- (a) the term 'IFRS Accounting Standards' used in place of International Financial Reporting Standards or IFRSs; and
- (b) the term 'IFRS for SMEs Accounting Standard' used in place of 'International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs)', in the *Statement of Compliance* paragraphs included in financial statements of companies (where-applicable), to make it clear that IFRS Accounting Standards are followed in the preparation of financial statements.

Further, revision has also been made to incorporate reference of requirement of State-Owned Enterprises (Governance and Operations) Act, 2023 to use IFRS Accounting Standards issued by IASB by companies falling within its scope, in the *Statement of Compliance* paragraphs to be included in their financial statements.

Members are advised to take note of the above.

Yours truly


Muhammad Imran Khan
Director Technical Services

Encls.

REGISTERED OFFICE

Chartered Accountants Avenue,
Block 8, Clifton, Karachi, 75600, Pakistan.



Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017 (Revised 2025)

The Institute of Chartered Accountants of Pakistan

Preface

This Circular No. 4 / 2025 – *Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017 (Revised 2025)*, has been developed to provide guidance to the members of the Institute of Chartered Accountants of Pakistan (ICAP) on the appropriate wording of the statements of compliance to be included in the statutory financial statements of various classes of companies in Pakistan.

This Circular supersedes previously issued circular no. 4 / 2018 dated March 26, 2018 on statements of compliance. The revisions have been made to ensure consistency with the requirements of the Companies Act, 2017 and to reflect recent developments such as the enactment of the State-Owned Enterprises (Governance and Operations) Act, 2023 and amendments issued by the Securities and Exchange Commission of Pakistan (SECP).

The objective of this Circular is to reduce diversity in practice and promote consistency in the wording of statements of compliance across entities preparing financial statements under various accounting and reporting frameworks applicable in Pakistan under the Companies Act, 2017 and, where relevant, the State-Owned Enterprises (Governance and Operations) Act, 2023.

This circular has been developed solely for facilitation and assistance of members of the Institute of Chartered Accountants of Pakistan (ICAP) to promote consistency in the wording of the statements of compliance to be included in the statutory financial statements of the companies. It does not constitute a legal or authoritative pronouncement and should be read in conjunction with the applicable provisions of the Companies Act, 2017, the State-Owned Enterprises (Governance and Operations) Act, 2023 (where relevant), and any related notifications, and directives issued by the SECP and other regulatory bodies.

While care has been taken to ensure the accuracy of the guidance provided, ICAP accepts no responsibility for any losses or consequences arising from reliance on this material. This Circular is only issued to facilitate the members and should not be interpreted as a legal requirement.

Mohammad Maqbool, FCA

Chairman, Accounting Standards Board

The Institute of Chartered Accountants of Pakistan

**Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017
(Revised 2025)**

Table of Contents		
Sr. No.	Description	Annexure
1	Financial reporting frameworks under the Companies Act and State-Owned Enterprises (Governance and Operations) Act, 2023	Annexure - I
2	Accounting and reporting standards issued by ICAP and notified by SECP under the Companies Act, 2017	Annexure – II
3	Revised and new statements of compliance for the financial statements	Annexure – III
3.1	Statement of Compliance for financial statements of Public Interest Companies and Large Sized Companies as defined in Third Schedule to the Companies Act, 2017 prepared in accordance with IFRS Accounting Standards issued by IASB as notified under the Companies Act, 2017 (other than entities covered in 3.5, to 3.11 below)	Annexure – III (Paragraph A)
3.2	Statement of Compliance for financial statements of Medium Sized Companies as defined in Third Schedule to the Companies Act, 2017 prepared in accordance with IFRS for SMEs Accounting Standard issued by IASB as notified under the Companies Act, 2017	Annexure – III (Paragraph B)
3.3	Statement of Compliance for financial statements of Small Sized Companies as defined in Third Schedule to the Companies Act, 2017 prepared in accordance with the Revised Accounting and Financial Reporting Standard for Small-Sized Entities as notified under the Companies Act, 2017	Annexure – III (Paragraph C)
3.4	Statement of Compliance for financial statements of Large Sized and Medium Sized section 42 / section 45 Companies as identified in Third Schedule to the Companies Act, 2017, formed / licensed under section 42 or section 45 of the Companies Act, 2017	Annexure – III (Paragraph D)
3.5	Statement of Compliance for financial statements of Mutual Funds	Annexure – III (Paragraph E)
3.6	Statement of Compliance for financial statements of the Insurance Companies (other than those falling within the ambit of SOE Act, 2023)	Annexure – III (Paragraph F)
3.7	Statement of Compliance for financial statements of the Bank (other than those falling within the ambit of SOE Act, 2023)	Annexure – III (Paragraph G)
3.8	Statement of Compliance for financial statements of companies (opting to apply full IFRS Accounting Standards under section 225(4) of the Companies Act, 2017), prepared in accordance with IFRS Accounting Standards issued by IASB of companies which, under section 225(4) of the Companies Act, 2017, make unreserved compliance with requirements of IFRS Accounting Standards and therefore prepare their statutory financial statements in accordance with IFRS Accounting Standards issued by IASB	Annexure – III (Paragraph H)
3.9	Statement of Compliance for financial statements of companies (other than Banks and Insurance Companies) falling within the scope of SOE Act, 2023, for the year ending after January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB has become applicable under Section 25(2) of the SOE Act, 2023).	Annexure – III (Paragraph I)
3.10	Statement of Compliance for financial statements of Banks falling within the scope of SOE Act, 2023, for the year ending after January 30, 2026 (i.e. on which	Annexure – III (Paragraph J)

**Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017
(Revised 2025)**

Table of Contents		
Sr. No.	Description	Annexure
	requirement of following full IFRS Accounting Standards issued by IASB has become applicable under Section 25(2) of the SOE Act, 2023).	
3.11	Statement of Compliance for financial statements of Insurance Companies falling within the scope of SOE Act, 2023, for the year ending after January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB has become applicable under Section 25(2) of the SOE Act, 2023).	Annexure – III (Paragraph K)
3.12	Statement of Compliance for financial statements of companies (other than Banks and Insurance Companies) falling within the scope of SOE Act, 2023, for the year ending on or before January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB is not yet applicable).	Annexure – III (Paragraph L)
3.10	Statement of Compliance for financial statements of Banks falling within the scope of SOE Act, 2023, for the year ending on or before January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB is not yet applicable).	Annexure – III (Paragraph M)
3.11	Statement of Compliance for financial statements of Insurance Companies falling within the scope of SOE Act, 2023, for the year ending on or before January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB is not yet applicable).	Annexure – III (Paragraph N)
3.12	Statement of Compliance for Quarterly financial statements of the listed companies prepared under section 237 of the Companies Act, 2017	Annexure – III (Paragraph O)

Financial reporting frameworks under the Companies Act and State-Owned Enterprises (Governance and Operations) Act, 2023

The companies are required to prepare statutory financial statements in accordance with the financial reporting requirements of the Companies Act, 2017 (the Companies Act) and, where applicable, in accordance with financial reporting requirements of State-Owned Enterprises (Governance and Operations) Act, 2023.

Under section 224 of the Companies Act, companies have been classified in various categorizes. The third schedule of the Companies Act outlines the categorization criteria and applicable financial reporting framework including the presentation and disclosure requirements of the fourth and fifth schedule of the Companies Act. Further, Section 25 (2) read with Section 3 of State-Owned Enterprises (Governance and Operations) Act, 2023 [SOE Act, 2023] requires entities falling within its scope (i.e. public sector companies as defined in sub-section (54) of section 2 of the Companies Act, 2017 and other corporate bodies owned and controlled by the Federal Government including those established under special enactments other than those specifically excluded from ambit of applicability of SOE Act, 2023), when applicable, to prepare financial statements in accordance with IFRS Accounting Standards issued by International Accounting Standards Board. The various classes of companies in Pakistan, applicable accounting frameworks and schedules are summarized as under:

S #	Class of company	Applicable accounting framework	Applicable schedule
1	Public interest company (PIC) [other than those falling within the ambit of State-Owned Enterprises (Governance and Operations) Act, 2023]	IFRS Accounting Standards issued by International Accounting Standards Board (IASB) as notified under the Companies Act	Fourth schedule <i>(applicable to listed PIC)</i> Fifth schedule <i>(applicable to other than the listed PIC)</i>
2	Large-sized company [other than those falling within the ambit of State-Owned Enterprises (Governance and Operations) Act, 2023]	IFRS Accounting Standards issued by IASB as notified under the Companies Act	Fifth schedule
3	Large-sized Section 42/ Section 45 company [other than those falling within the ambit of State-Owned Enterprises (Governance and Operations) Act, 2023]	IFRS Accounting Standards issued by IASB as notified under the Companies Act and Accounting Standards for NPOs	Fifth schedule
4	Medium-sized company [other than those falling within the ambit of State-Owned Enterprises (Governance and Operations) Act, 2023]	IFRS for SMEs Accounting Standard issued by IASB as notified under the Companies Act	Fifth schedule
5	Medium-sized Section 42/ Section 45 company [other than those falling within the ambit of State-	IFRS SMEs Accounting Standard issued by IASB as notified under the Companies Act and Accounting Standards for NPOs	Fifth schedule

**Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017
(Revised 2025)**

S #	Class of company	Applicable accounting framework	Applicable schedule
	Owned Enterprises (Governance and Operations) Act, 2023]		
6	Small-sized company [other than those falling within the ambit of State- Owned Enterprises (Governance and Operations) Act, 2023]	Revised Accounting and Financial Reporting Standard for Small-Sized Entities issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act	Fifth schedule
7	Company formed and registered under Companies Act, 2017 falling within the ambit of State-Owned Enterprises (Governance and Operations) Act, 2023	IFRS Accounting Standards issued by International Accounting Standards Board as per requirements of Section 25 (2) of the State-Owned Enterprises (Governance and Operations) Act, 2023	Fourth schedule <i>(applicable to listed companies)</i> Fifth schedule <i>(applicable to other than listed companies)</i>

- Further, in accordance with the third schedule of the Companies Act, the subsidiaries of listed companies shall follow the requirements of the fourth schedule of the Companies Act.
- Moreover, in accordance with section 225(4) of the Companies Act, companies intending to make unreserved compliance of IFRS Accounting Standards issued by IASB, can also prepare their statutory financial statements in accordance with the IFRS Accounting Standards issued by IASB. In such case, the presentation and disclosure requirements of the fourth schedule or fifth schedule (whichever is applicable to the company) are in addition to the disclosure requirements specified in the IFRS Accounting Standards issued by IASB, and accordingly are also required to be followed.

Accounting and reporting standards issued by ICAP and notified by SECP under the Companies Act, 2017

To date, following accounting and reporting standards have been issued by ICAP and notified by SECP under the Companies Act, 2017 which are to be followed by the companies, where applicable:

- Accounting Standard Non-Going Concern Basis of Accounting
- Accounting Standard Financial Statements Disclosures of Zakat Received by an Entity; and
- Accounting Standard Accounting of Common Control Transactions
- Accounting Standard for Not for Profit Organisations (NPOs)
- Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs)
- IFAS 1 Murabaha
- IFAS 2 Ijarah
- IFAS 3 Profit and loss sharing on deposits (though its applicability has been deferred by SBP for banks)

The revised and new statements of compliance for the financial statements

A. Statement of Compliance for financial statements of Public Interest Companies and Large Sized Companies as defined in Third Schedule to the Companies Act, 2017 prepared in accordance with IFRS Accounting Standards issued by IASB as notified under the Companies Act, 2017 (other than entities covered in paragraphs E to N below)

“These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- ¹ IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and ² notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.”

B. Statement of Compliance for financial statements of Medium Sized Companies as defined in Third Schedule to the Companies Act, 2017 prepared in accordance with IFRS for SMEs Accounting Standard issued by IASB as notified under the Companies Act, 2017

“These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- ³ IFRS for SMEs Accounting Standard issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS for SMEs Accounting Standard, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.”

C. Statement of Compliance for financial statements of Small Sized Companies as defined in Third Schedule to the Companies Act, 2017 prepared in accordance with the Revised Accounting and Financial Reporting Standard for Small-Sized Entities as notified under the Companies Act, 2017

“These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- Revised Accounting and Financial Reporting Standard for the Small-Sized Entities (Revised AFRS for SSEs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

¹ The term “IFRS Accounting Standards” used in accordance with Trade Mark Guidelines issued by IFRS Foundation.

² The term “notifications” includes accounting and reporting standards issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017.

³ The term “IFRS for SMEs Accounting Standard” used in accordance with Trade Mark Guidelines issued by IFRS Foundation.

Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017 (Revised 2025)

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the Revised AFRS for SSEs, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.”

D. Statement of Compliance for financial statements of Large Sized and Medium Sized section 42 / section 45 Companies as identified in Third Schedule to the Companies Act, 2017, formed / licensed under section 42 or section 45 of the Companies Act, 2017

“These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- ⁴ IFRS Accounting Standards /IFRS for SMEs Accounting Standard issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards /IFRS for SMEs Accounting Standard (*state whichever is applicable*), the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.”

E. Statement of Compliance for financial statements of Mutual Fund

“These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; and
- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations and requirements of the Trust Deed differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations have been followed.”

F. Statement of Compliance for financial statements of the Insurance Company (other than those falling within the ambit of SOE Act, 2023)

“These financial statements have been prepared in accordance with the ⁵ accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise of:

- ⁶ IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the ⁷ Companies Act, 2017; and

⁴ The terms “IFRS for SMEs Accounting Standard” and “IFRS Accounting Standards” used in accordance with Trade Mark Guidelines issued by IFRS Foundation. State whichever is applicable.

⁵ The term “approved accounting standards” replaced with “accounting and reporting standards”, in accordance with the Companies Act 2017.

⁶ The term ‘International Financial Reporting Standards (IFRS)’ replaced with “IFRS Accounting Standards”, in accordance with Trade Mark Guidelines issued by IFRS Foundation.

⁷ The term “Companies Ordinance, 1984” replaced with the “Companies Act 2017”.

Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017 (Revised 2025)

- Provisions of, directives and ⁸ notifications issued under the ⁷ Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017.

Incase requirements differ, the provisions of, directives and ⁸ notifications issued under the ⁷ Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017, shall prevail.”

Note: The above wording of statement of compliance has been extracted from Annexure II of the Insurance Rules 2017, and certain necessary changes have been made as explained in footnote 5, 6, 7 and 8.

Note: Please also include reference to Takaful Rules, 2012, General Takaful Accounting Regulations 2019 in the above wording of ‘Statement of compliance’ in place of ‘Insurance rules, 2017’ and Insurance Accounting Regulations, 2017, if applicable.

G. Statement of Compliance for financial statements of the Bank (other than those falling within the ambit of SOE Act, 2023)

“These financial statements have been prepared in accordance with the ⁹ accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- ¹⁰ IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 (if applicable);
- Provisions of, directives and ¹¹ notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives and ¹² notifications issued by the SBP and the SECP differ with the requirements of IFRS Accounting Standards or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives and notifications, shall prevail.”

- *The above wording of statement of compliance has been extracted from State Bank of Pakistan’s BPRD Circular 13 of 2024, and certain necessary changes have been made as explained in footnotes 9, 10 and 11.*

⁸ The term “notifications” has been added which includes accounting and reporting standards issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017 (including Accounting Standard for Not for Profit Organizations (NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017).

⁹ The terms ‘approved accounting and reporting standards’ and ‘approved accounting standards’ replaced with “the accounting and reporting standards”, in accordance with the Companies Act 2017.

¹⁰ The term ‘International Financial Reporting Standards (IFRS)’ replaced with “IFRS Accounting Standards”, in accordance with Trade Mark Guidelines issued by IFRS Foundation.

¹¹ The term “notifications” has been added which includes accounting and reporting standards issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017.

H. Statement of Compliance for financial statements of companies (opting to apply full IFRS Accounting Standards under section 225(4) of the Companies Act, 2017), prepared in accordance with IFRS Accounting Standards issued by IASB, of companies which, under section 225(4) of the Companies Act, 2017, make unreserved compliance with requirements of IFRS Accounting Standards and therefore prepare their statutory financial statements in accordance with IFRS Accounting Standards issued by IASB

"These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). In addition, the requirements of provisions of, directives and notifications issued under the Companies Act, 2017 and disclosure requirements of the Fourth / Fifth Schedule to the Companies Act, 2017 have also been complied.

Where provisions of, directives and notifications issued under the Companies Act, 2017 and disclosure requirements of the Fourth / Fifth Schedule to the Companies Act, 2017 differ from the IFRS Accounting Standards, the requirements of IFRS Accounting Standards have been followed."

I. Statement of Compliance for financial statements of companies (other than Banks and Insurance Companies) falling within the scope of SOE Act, 2023 for the year ending after January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB has become applicable under Section 25(2) of the SOE Act, 2023)

"These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB);
- Provisions of, directives and notifications issued under the Companies Act, 2017; and
- Provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act) and the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the requirements of IFRS Accounting Standards have been followed.

In case requirements of the SOE Act or the SOE Policy or the directives issued thereunder differ from the Companies Act, 2017, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail. Further, where the requirements of the SOE Act and the SOE Policy or the directives issued thereunder differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail to the extent of such difference."

J. Statement of Compliance for financial statements of Banks falling within the scope of SOE Act, 2023, for the year ending after January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB has become applicable under Section 25(2) of the SOE Act, 2023)

"These financial statements have been prepared in accordance with the ¹² accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- ¹³ IFRS Accounting Standards issued by the International Accounting Standards Board (IASB);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 (if applicable);

¹² The terms 'approved accounting and reporting standards' and 'approved accounting standards' replaced with "the accounting and reporting standards", in accordance with the Companies Act 2017.

¹³ The term 'International Financial Reporting Standards (IFRS)' replaced with "IFRS Accounting Standards", in accordance with Trade Mark Guidelines issued by IFRS Foundation.

- Provisions of, directives and ¹⁴ notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- Directives issued by the State Bank of Pakistan (SBP); and
- ¹⁵ Provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act), the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where IFAS, provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017, and directives issued by the State Bank of Pakistan (SBP) differ from the IFRS Accounting Standards, the requirements of IFRS Accounting Standards have been followed.

¹⁵ In case requirements of the SOE Act or the SOE Policy or the directives issued thereunder differ from the Companies Act, 2017 and Banking Companies Ordinance, 1962, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail. Further, where the requirements of the SOE Act and the SOE Policy or the directives issued thereunder differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail to the extent of such difference.”

- *The above wording of statement of compliance has been extracted from State Bank of Pakistan’s BPRD Circular 13 of 2024, and certain necessary changes have been made as explained in footnotes 12, 13, 14, and 15.*

K. Statement of Compliance for financial statements of Insurance Companies falling within the scope of SOE Act, 2023, for the year ending after January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB has become applicable under Section 25(2) of the SOE Act, 2023)

“These financial statements have been prepared in accordance with the ¹⁶accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- ¹⁷ IFRS Accounting Standards issued by the International Accounting Standards Board (IASB);
- Provisions of, directives and ¹⁸ notifications issued under the Companies Act, 2017;
- Provisions of and directives issued under the Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017; and
- ¹⁹ Provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act), the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where provisions of, directives and notifications issued under the Companies Act, 2017 and provisions of and directives issued under the Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting

¹⁴ The term “notifications” has been added which includes accounting and reporting standards issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017.

¹⁵ These wordings have been added in line with the requirements of SOE Act, 2023 and SOE Policy.

¹⁶ The terms ‘approved accounting and reporting standards’ and ‘approved accounting standards’ replaced with “the accounting and reporting standards”, in accordance with the Companies Act 2017.

¹⁷ The term ‘International Financial Reporting Standards (IFRS)’ replaced with “IFRS Accounting Standards”, in accordance with Trade Mark Guidelines issued by IFRS Foundation.

¹⁸ The term “notifications” has been added which includes accounting and reporting standards issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017.

¹⁹ These wordings have been added in line with the requirements of SOE Act, 2023 and SOE Policy.

Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017 (Revised 2025)

Regulations differ from the IFRS Accounting Standards, the requirements of IFRS Accounting Standards have been followed.

¹⁹ In case requirements of the SOE Act or the SOE Policy or the directives issued thereunder differ from the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail. Further, where the requirements of the SOE Act and the SOE Policy or the directives issued thereunder differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail to the extent of such difference.”

Note: Please also include reference to Takaful Rules, 2012, General Takaful Accounting Regulations 2019 in the above wording of ‘Statement of compliance’ in place of ‘Insurance rules, 2017’ and Insurance Accounting Regulations, 2017, if applicable.

Note: The above wording of statement of compliance has been extracted from Annexure II of the Insurance Rules 2017, and certain necessary changes have been made as explained in footnote 16, 17, 18 and 19.

L. Statement of Compliance for financial statements of companies (other than Banks and Insurance Companies) falling within the scope of SOE Act, 2023, for the year ending on or before January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB is not yet applicable)

“These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017;
- Provisions of, directives and notifications issued under the Companies Act, 2017; and
- Provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act) and the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where provisions of, directives and notifications issued under the Companies Act, 2017 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed.

In case requirements of the SOE Act or the SOE Policy or the directives issued thereunder differ from the Companies Act, 2017, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail. Further, where the requirements of the SOE Act and the SOE Policy or the directives issued thereunder differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail to the extent of such difference.”

M. Statement of Compliance for financial statements of Banks falling within the scope of SOE Act, 2023, for the year ending on or before January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB is not yet applicable)

“These financial statements have been prepared in accordance with the ¹² accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- ¹³ IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017 (if applicable);

Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017 (Revised 2025)

- Provisions of, directives and ¹⁴notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- Directives issued by the State Bank of Pakistan (SBP); and
- ¹⁵ Provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act) and the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where IFAS (if applicable), provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017, and directives issued by the State Bank of Pakistan (SBP) differ from the IFRS Accounting Standards, the IFAS (if applicable), provisions of, directives and notifications issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and directives issued by the State Bank of Pakistan (SBP) have been followed.

¹⁵ In case requirements of the SOE Act or the SOE Policy differ from the Companies Act, 2017 and Banking Companies Ordinance, 1962, the provisions of the SOE Act or the SOE Policy shall prevail. Further, where the requirements of the SOE Act and the SOE Policy differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy shall prevail to the extent of such difference.”

- *The above wording of statement of compliance has been extracted from State Bank of Pakistan's BPRD Circular 13 of 2024, and certain necessary changes have been made as explained in footnotes 12, 13, 14, and 15.*

N. Statement of Compliance for financial statements of Insurance Companies falling within the scope of SOE Act, 2023, for the year ending on or before January 30, 2026 (i.e. on which requirement of following full IFRS Accounting Standards issued by IASB is not yet applicable).

“These financial statements have been prepared in accordance with the ¹⁶accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- ¹⁷ IFRS Accounting Standards issued by the International Accounting Standards Board (IASB), as notified under the Companies Act, 2017;
- Provisions of, directives and ¹⁸ notifications issued under the Companies Act, 2017;
- Provisions of and directives issued under the Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017; and
- ¹⁹ Provisions of the State-Owned Enterprises (Governance and Operations) Act, 2023 (the SOE Act) and the State-Owned Enterprises Ownership and Management Policy, 2023 (the SOE Policy) and the directives issued thereunder.

Where provisions of, directives and notifications issued under the Companies Act, 2017 and provisions of and directives issued under the Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations 2019 differ from the IFRS Accounting Standards, the provisions of, directives and notifications issued under the Companies Act, 2017 and provisions of and directives issued under the Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations 2019 have been followed.

¹⁹ In case requirements of the SOE Act or the SOE Policy or the directives issued thereunder differ from the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules 2017 and Insurance Accounting Regulations, 2017, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail. Further, where the requirements of the SOE Act and the SOE Policy or the directives issued thereunder differ from the IFRS Accounting Standards, the provisions of the SOE Act or the SOE Policy or the directives issued thereunder shall prevail to the extent of such difference.”

Statement of Compliance for the Financial Statements prepared under the Companies Act, 2017 (Revised 2025)

Note: Please also include reference to Takaful Rules, 2012, General Takaful Accounting Regulations 2019 in the above wording of 'Statement of compliance' in place of 'Insurance rules, 2017' and Insurance Accounting Regulations, 2017, if applicable.

Note: The above wording of statement of compliance has been extracted from Annexure II of the Insurance Rules 2017, and certain necessary changes have been made as explained in footnote 16, 17, 18 and 19.

O. Quarterly financial statements of the listed companies

"These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of, directives and notifications issued under the Companies Act, 2017.

Where the provisions of, directives and notifications issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of, directives and notifications issued under the Companies Act, 2017 have been followed."

With regard to quarterly financial statements of listed companies, following explanatory notes should also be considered:

- *In case of specialized entities (e.g. Banks, Insurance, NBFC etc.) the wordings of the statement of compliance for quarterly financial statements should be modified to incorporate specific financial reporting requirements contained in the relevant statutes/regulations/rules of these specialized entities.*
- *If the quarterly financial statements of listed company have been prepared in accordance with the IFRS Accounting Standards issued by IASB, the above statement of compliance would be as follows:*

"These condensed interim financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, *Interim Financial Reporting*."

Following explanatory notes provide additional information / guidance on the above statements of compliance:

Note 1 – Statement of compliance of other specialized entities

In case of specialized entities (e.g. Modaraba, Microfinance banks etc.) the wordings of the statement of compliance would be modified to incorporate specific financial reporting requirements contained in the relevant statutes/regulations/rules of these specialized entities.

Note 2 – Specific exemptions / deferments of IFRS Accounting Standards

The companies which are preparing statutory financial statements in accordance with IFRS Accounting Standards issued by IASB as notified under the Companies Act, and said companies have also been granted specific exemptions/deferments from the application of the specified IFRS Accounting Standard(s) (by SECP or SBP) should disclose this information in the statement of compliance (as an additional note).