

DEFINITIONS*

In this Code of Ethics for Chartered Accountants the following expressions have the meanings as set out below:-

Advertising	The communication to the public of information as to the services or skills provided by chartered accountants in practice with a view to procuring professional business.
Assurance client	An entity in respect of which a firm conducts an assurance engagement.
Assurance engagement	<p>An engagement conducted to provide:</p> <p>(a) a high level of assurance that the subject matter conforms in all material respects with identified suitable criteria; or</p> <p>(b) a moderate level of assurance that the subject matter is plausible in the circumstances.</p> <p>This would include an engagement in accordance with the International Standard on Assurance Engagements issued by the International Auditing and Assurance Standards Board or in accordance with specific standards for assurance engagements issued by the International Auditing and Assurance Standards Board such as an audit or review of financial statements in accordance with International Standards on Auditing.</p>
Assurance team	<p>(a) All professionals participating in the assurance engagement;</p> <p>(b) All others within a firm who can directly influence the outcome of the assurance engagement, including:</p> <ul style="list-style-type: none">• Those who recommend the compensation of, or who provide direct supervisory, management or other oversight of the assurance engagement partner in connection with the performance of the assurance engagement. For the purposes of an audit engagement this includes those at all successively senior levels above the lead engagement partner through the firm's chief executive;• Those who provide consultation regarding technical or industry specific issues, transactions or events for the assurance engagement; and• Those who provide quality control for the assurance engagement; and <p>(c) For the purposes of an audit client, all those within a network firm who can directly influence the outcome of the audit engagement.</p>

* Replacement of Section relating to Definitions was approved by the Council in its 171st meeting held on April 29, 2005.

Audit client	An entity in respect of which a firm conducts an audit engagement.
Audit engagement	An assurance engagement to provide a high level of assurance that financial statements are free of material misstatement, such as an engagement in accordance with International Standards on Auditing. This includes a Statutory Audit, which is an audit required by Companies Ordinance, 1984 or any other law, rules and regulations applicable to that entity.
Bye- Laws	The Chartered Accountants Bye-Laws, 1983 as amended or added to from time to time.
Chartered Accountant	A natural person who is a Member.
Chartered Accountant In Practice	<p>A member shall be deemed "to be in practice" when he engages himself in practice as Chartered Accountant or Management Consultant as the case may be.</p> <p>A member of the Institute shall be deemed "to be in practice" when individually or in partnership with Chartered Accountants in practice, he in consideration received or to be received:-</p> <ol style="list-style-type: none"> i. engages himself in the practice of accountancy; or ii. offers to perform or performs services involving the auditing, or verification of financial transactions, books, accounts, or records or the preparation, verification or certification of financial accounting and related statements or holds himself out to the public as an accountant; or iii. renders professional services or assistance in or about matters of principle or detail relating to accounting procedure or the recording, presentation or certification of financial facts or data; or iv. renders such other services in the field of management consultancy; or v. renders such services as, in the opinion of the Council, are or may be rendered by a chartered accountant in practice and the words "to be in practice" with their grammatical variations and cognate expression shall be construed accordingly.
Client Account	Any bank account which is used solely for the banking of clients' monies.
Clients' Monies	Any monies-including documents of title to money e.g. bills of exchange, promissory notes, and documents of title which can be converted into money e.g. bearer bonds - received by a chartered accountant in practice to be held or paid out on the instruction of the person from whom or on whose behalf they are received.
Close family	A parent, non-dependent child or sibling.

Code of Corporate Governance	As embodied in the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges
Company	Any entity or person(s), whether organized for profit or not, including a parent company and all of its subsidiaries.
Direct financial interest	A financial interest: <ul style="list-style-type: none"> • Owned directly by and under the control of an individual or entity (including those managed on a discretionary basis by others); or • Beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has control.
Directors and officers	As defined in the Companies Ordinance, 1984 or any other law, rules and regulation applicable to that entity or those charged with the governance of an entity, regardless of their title.
Employed Chartered public Accountant	A chartered accountant employed in industry, commerce, the sector, education or other sectors.
Existing Accountant	A chartered accountant in practice currently holding an audit appointment or carrying out accounting, taxation, consulting or similar professional services for a client.
Financial interest	An interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest.
Firm	(a) A sole practitioner, partnership or Corporation of professional accountants; (b) An entity that controls such parties; and (c) An entity controlled by such parties.
Immediate family	A spouse (or equivalent) or dependent.
Independence	Independence is: <ul style="list-style-type: none"> (a) Independence of mind - the state of mind that permits the provision of an opinion without being affected by influences that compromise professional judgment, allowing an individual to act with integrity, and exercise objectivity and professional skepticism; and (b) Independence in appearance – the avoidance of facts and circumstances that are so significant a reasonable and informed third party, having knowledge of all relevant information, including any safeguards applied, would reasonably conclude a firm's, or a member of the assurance team's, integrity, objectivity or professional skepticism had been compromised.

Indirect financial Interest or	A financial interest beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual entity has no control.
Institute	The Institute of Chartered Accountants of Pakistan constituted under the Chartered Accountants Ordinance, 1961.
Investee	A subsidiary or an entity subject to the significant influence of an investor.
Investor	A parent, general partner, or natural person or corporation that has the ability to exercise significant influence on an investee.
Lead engagement Partner and,	<p>In connection with an audit, the partner responsible for signing the report on the consolidated financial statements of the audit client, where relevant, the partner responsible for signing the report in respect of any entity whose financial statements form part of the consolidated financial statements and on which a separate stand-alone report is issued.</p> <p>When no consolidated financial statements are prepared, the lead engagement partner would be the partner responsible for signing the report on the financial statements.</p>
Listed entity	An entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body.
Management may Consultant	A Member providing such services and performing such activities as be prescribed.
Member	A natural person whose name appears in the Register for the time being.
Network firm	An entity under common control, ownership or management with the firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as being part of the firm nationally or internationally.
Objectivity	A combination of impartiality, intellectual honesty and a freedom from conflicts of interest.
Ordinance	The Chartered Accountants Ordinance, 1961 as amended or replaced from time to time.
Office	A distinct sub-group, whether organized on geographical or practice lines.
Practice	A sole practitioner, a partnership or a corporation of professional accountants which offers professional services to the public.
Prescribed	Prescribed by the Bye-laws.

Professional Services	Any service requiring accountancy or related skills performed by a chartered accountant including accounting, auditing, taxation, management consulting and financial management services.
Publicity	The communication to the public of facts about a chartered accountant which are not designed for the deliberate promotion of that chartered accountant.
Receiving Accountant	A chartered accountant in practice to whom the existing accountant or client of the existing accountant has referred audit, accounting, taxation, consulting or similar appointments, or who is consulted in order to meet the needs of the client.
Register	The Register of the Members of the Institute maintained under the Chartered Accountants Ordinance, 1961.
Related Party	As defined in IAS 24 - Related Party Disclosures.
Reporting Assignment	An engagement which requires the expression of an opinion by a chartered accountant in practice on financial information.
Schedule	The Schedules annexed to the Chartered Accountants Ordinance, 1961
Solicitation	The approach to a potential client for the purpose of offering professional services.