



**The Institute of
Chartered Accountants
of Pakistan**

HEAD OFFICE

Circular No. 04/2008

May 5, 2008

ALL MEMBERS OF THE INSTITUTE

SUGGESTED EFFECTIVE DATE FOR FINANCIAL REPORTING STANDARDS FOR MSEs AND SSEs

Dear Member

The Council in its 184th meeting held on July 28, 2006 approved the Accounting and Financial Reporting Standards for Medium Sized Entities (MSEs) and Small Sized Entities (SSEs) for release to members. Further the Council also revised paragraph 2.4 of TR-5 requiring the members to ensure compliance with Financial Reporting Standards for MSEs and SSEs. These standards were made applicable for annual periods beginning on or after July 1, 2006. Subsequently on the recommendation of the Institute these standards were notified by SECP through SRO 860 on August 21, 2007.

In accordance with the earlier clarification of the Institute all standards are applicable for financial periods beginning on or after their notification. However, as laid down in most standards early application is encouraged with appropriate disclosures.

Since the framework to be followed by small and medium enterprises was not clearly laid down until amendments in the fifth schedule, the Council considers that it would be advisable for MSEs and SSEs to follow the standards for financial periods beginning on or after July 1, 2007.

Further those SSEs and MSEs that intend to comply with IFRS as applicable in Pakistan should be encouraged to do so. Similarly those Small-sized entities that intend to comply with MSE standards should also be encouraged.

Thanking you

Yours truly

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