

PART II

Statutory Notifications (S.R.O.)

GOVERNMENT OF PAKISTAN

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the 26th April, 2018

NOTIFICATION

S.R.O. 558 (I)/2018.— In exercise of the powers conferred by sub-section (1) of section 512 of the Companies Act, 2017 (XIX of 2017), the Securities and Exchange Commission of Pakistan is pleased to notify the following Auditors (Reporting Obligations) Regulations, 2018, the same having been previously published vide notification S.R.O 471 (I)/2017 dated June 15, 2017, as required by proviso to sub-section (1) of the said section 512, namely:-

CHAPTER I PRELIMINARY

1. Short title and commencement.— (1) These regulations shall be called the Auditors (Reporting Obligations) Regulations, 2018.

(2) They shall be applicable for reporting periods ending on or after June 30, 2018.

2. Definitions. – (1) In these regulations, unless there is anything repugnant in the subject or context,-

- (i) “Act” means the Companies Act, 2017 (XIX of 2017);
- (ii) “annexure” means annexure appended to these regulations;
- (iii) “auditor’s report” means a report on the financial statements of a company by the auditor appointed by the company or the Commission under the provisions of the Act or in the case of an insurer under the provisions of the Insurance Ordinance, 2000 (XXXIX of 2000);
- (iv) “consolidated financial statements” means financial statements prepared by a holding company subject to section 228 of the Act;

- (v) “financial statements” in relation to a company means financial statements as defined under clause (33) of sub-section (1) of section 2 of the Act;
- (vi) “quarterly financial statements” means the financial statements prepared by the listed companies in accordance with section 237 of the Act; and
- (vii) “review report” means a report given by the auditor of a company in accordance with these regulations.

(2) Words and expressions used but not defined in these regulations shall have the same meaning as assigned to them in the Act, the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) and the rules made thereunder.

CHAPTER II REPORTING REQUIREMENTS

3. Auditor’s report on financial statements. – (1) The auditor of a company other than a banking company shall make out a report to the members of the company on its financial statements as required under section 249 of the Act, on the format as provided in **Annexure-I**.

(2) The auditor of a banking company shall make out a report to its members on the financial statements as required under section 249 of the Act, on the format as provided in **Annexure-II**.

(3) The auditor of an insurer registered under the Insurance Ordinance, 2000 shall, for the purposes of regulation 8 and regulation 23 of the Insurance Accounting Regulations, 2017, make out a report to the Board of Directors on regulatory returns as well as to the members on the financial statements as required under section 48 of the Insurance Ordinance, 2000 and section 249 of the Act on the formats provided in **Annexure-III**, as applicable.

4. Auditor’s report on consolidated financial statements.– The auditor of a holding company meeting criteria mentioned in sub-section (1) of section 228 of the Act shall make out a report on the consolidated financial statements as required under sub-section (3) of section 228 of the Act, on the format as provided in **Annexure-IV**.

5. Auditor’s review report on second quarterly financial statements.– The auditor of a listed company shall make out a limited scope review report to the members on the second quarterly financial statements prepared under section 237 of the Act, on the format as provided in **Annexure-V**.

6. Auditor’s review report on the statements of compliance with corporate governance regulations.– The auditor of a company shall make out review report, where applicable, to the members on the statement of compliance with corporate governance regulations on the formats as follows;

- (i) in case of a listed company, the review report on statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 shall be on the format as provided in **Annexure-VI**; and

- (ii) in case of a public sector company, the review report on statement of compliance with Public Sector Companies (Corporate Governance) Rules, 2013 shall be on the format as issued under Public Sector Companies (Corporate Governance Compliance) Guidelines, 2018 read with Rule 24 of Public Sector Companies (Corporate Governance) Rules, 2013.

CHAPTER III MISCELLANEOUS

7. Penalty.- The Commission may, in case of contravention of any requirement of these Regulations, impose a penalty as provided under sub-section (2) of section 512 of the Act.

8. Repeal.- Rule 17A, Rule 17B and Rule 17C of the Companies (General Provisions and Forms) Rules, 1985 are hereby repealed.

INDEPENDENT AUDITOR'S REPORT

[See regulation 3]

To the members of(name of Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements (**or revised financial statements, if applicable**)ⁱ of(the Company), which comprise the statement of financial position as at, and the statement of profit or lossⁱⁱ and other comprehensive income or the income and expenditure statement, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income or the income or expenditure statement, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at and of the profit or loss and other comprehensive income or loss, or the surplus or deficitⁱⁱⁱ, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (the Code)^{iv} and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern (if applicable)

Emphasis of Matter (if any)

Key Audit Matter(s)^v

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our

audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):^{vi}

S. No.	Key audit matter(s)	How the matter was addressed in our audit

Information Other than the Financial Statements and Auditor's Report Thereon

[Reporting in accordance with the reporting requirements in ISA 720 (Revised)]

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements^{vii}

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income or the income and expenditure account, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company’s business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance^{viii}.

Other Matter(s)

Prior Year Financial Statements Audited by Predecessor Auditor^{ix}

The engagement partner on the audit resulting in this independent auditor's report is [name].

[Signature]

[Place/ location]

[Date]

Notes:

ⁱ Where due to events occurring after the issuance of audit report an audit report is required to be revised, this fact along with specific justification and impact shall be conspicuously stated in the title and text of the report. For this, the following paragraph shall be included in an Emphasis of Matter Paragraph or Other Matter paragraph.

Reasons for Revision of Financial Statements and the Audit Report (If Applicable)

We have issued the previous Audit Report to the members for audit of the financial statements for the year ended on ----- . The previous Audit Report was unqualified. Those financial statements were approved by the Board of Directors on----- . Subsequent to issuing of the audit report, material changes in the reported value of -----were discovered due to which the reported amount of -----and the profit is reduced/ increased by Rs. ----- . As a result the financial statements were revised and the Board of Directors approved it on -----

ⁱⁱ Wherever applicable, substitute "income and expenditure statement" and "surplus or deficit" in case of association not for profit.

ⁱⁱⁱ As the case may be, use either profit or loss, similarly either other comprehensive income or loss and surplus (in case of income and expenditure account only).

^{iv} To use the name of the relevant Institute.

^v In the case of a non-listed company the section of key audit matter(s) in the report and the related last two paragraphs in the auditor's responsibilities section may be omitted.

^{vi} In case there is no KAM following wording may be used:

We have determined that there are no key audit matters to communicate in our report.

^{vii}With Reference to explanation of Section 249(3) and Section 249(4) of the Companies Act, 2017 (XIX of 2017):

- Where any of the matters referred in the Auditor's Report is answered in negative or with a qualification the report shall state the reasons for such answers along with the factual position to the best of auditor's information.
- Where the auditor's report contains a reference to any other report, statement or remarks which they have made on the financial statements examined by them, such statement or remarks shall be annexed to the auditor's report and shall be deemed to be a part of the auditor's report.

^{viii} Where no Zakat is deductible, substitute "no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

^{ix} The paragraph is not required in cases where the auditor of the Company is same in the previous year.

Additional Notes:

- I. Omit that component of financial statements which is not applicable in case of a particular company.
- II. Terms "statement of profit or loss and other comprehensive income" or "statement of comprehensive income" can be used interchangeably.

INDEPENDENT AUDITOR'S REPORT
[see regulations 3]

To the members of(name of Banking Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements (or revised financial statements, if applicable)ⁱ of(the Bank), which comprise the statement of financial position as at, and the statement of profit or loss and other comprehensive income or the statement of comprehensive income the statement of changes in equity and the statement of cash flows for the year then ended, along with unaudited certified returns received from the branches except forbranches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive or the statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at and of the profit or loss and other comprehensive income or loss or the comprehensive incomeⁱⁱ, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern (if applicable)

Emphasis of Matter (if any)

Key Audit Matter(s)ⁱⁱⁱ

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matter(s):^{iv}

S.No.	Key Audit Matter(s)	How the matter was addressed in our audit
1.		
2.		

Information Other than the Financial Statements and Auditor's Report Thereon

[Reporting in accordance with the reporting requirements in ISA 720 (Revised)]

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements^v

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Bank/branches as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the statement of financial position, the statement of profit or loss and other comprehensive income or the statement of comprehensive income, statement of changes in equity and statement of cash flows (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank/ branches and the transactions of the Bank/ branches which have come to our notice have been within the powers of the Bank/ branches; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance^{vi}.

2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total loans and advances of the Bank.

Other Matter(s)

Prior Year Financial Statements Audited by Predecessor Auditor^{vii}

The engagement partner on the audit resulting in this independent auditor's report is [name].

[Signature]

[Place/ location]

[Date]

Notes:

ⁱ Where due to events occurring after the issuance of audit report an audit report is required to be revised, this fact along with specific justification and impact shall be conspicuously stated in the title and text of the report. For this, the following paragraph shall be included in an Emphasis of Matter Paragraph or Other Matter paragraph (*refer para 12(b) of ISA 560 'Subsequent Events'*).

Reasons for Revision of Financial Statements and the Audit Report (If Applicable)

We have issued the previous Audit Report to the members for audit of the financial statements for the year ended on ----- . The previous Audit Report was unqualified. Those financial statements were approved by the Board of Directors on----- . Subsequent to issuing of the audit report, material changes in the reported value of -----were discovered due to which the reported amount of -----and the profit is reduced/ increased by Rs. ----- . As a result the financial statements were revised and the Board of Directors approved it on ----- .

ⁱⁱ As the case may be, use either profit or loss, similarly either other comprehensive income or loss.

ⁱⁱⁱ In the case of a non-listed bank the section of key audit matter(s) in the report and the related last two paragraphs in the auditor's responsibilities section may be omitted.

^{iv} In case there is no KAM following wording may be used:

We have determined that there are no key audit matters to communicate in our report.

^v With Reference to explanation of Section 249(3) and Section 249(4) of the Companies Act, 2017 (XIX of 2017):

- Where any of the matters referred in the Auditor's Report is answered in negative or with a qualification the report shall state the reasons for such answers along with the factual position to the best of auditor's information.
- Where the auditor's report contains a reference to any other report, statement or remarks which they have made on the financial statements examined by them, such statement or remarks shall be annexed to the auditor's report and shall be deemed to be a part of the auditor's report.

^{vi} Where no Zakat is deductible, substitute "no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

^{vii} The paragraph is not required in cases where the auditor of the Bank is same in the previous year.

Additional Notes:

- I. Omit the component of financial statements which is not applicable in case of a particular bank in accordance with applicable financial reporting framework.
- II. Terms "statement of profit or loss and other comprehensive income" or "statement of comprehensive income" can be used interchangeably.

Audit report format for Regulatory Returns General Insurance Company (ISA 800)

INDEPENDENT AUDITORS REPORT
[see regulation 3]

To the Board of Directors of[name of General Insurance Company]

Report on the Audit of Regulatory Returns

Opinion

We have audited the accompanying regulatory returns of ----- (the Company) which comprise the balance sheet as at, and the profit and loss account, the statement of cash flows, the statement of premiums, the statement of claims, the statement of expenses, the statement of investment income, the statement of claims analysis, the statement of exposures, the statement of solvency and the classified summary of assets in Pakistan for the year then ended together with the notes forming part thereof, including a summary of significant accounting policies.

In our opinion the regulatory returns present fairly the state of affairs of the Company as at December 31, 20XX and the result of the Company for the year then ended in accordance with the requirements of Insurance Ordinance, 2000 (XXXIX of 2000), the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Regulatory returns* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on distribution and use

We draw attention to Note X to the regulatory returns, which describes the basis of accounting. The regulatory returns are prepared to meet the requirements of section 46 (1) of the Insurance Ordinance 2000. As a result, the regulatory returns may not be suitable for another purpose. Our report is intended solely for ----- (Company name) and Securities and Exchange Commission of Pakistan (SECP) and should not be distributed to parties other than(Company) or SECP. Our opinion is not modified in respect of this matter.

Material Uncertainty relating to Going Concern (if applicable)

Responsibilities of Management and the Board of Directors for the Regulatory returns

Management is responsible for the preparation and fair presentation of the regulatory returns in accordance with requirements of the Insurance Ordinance 2000 (XXXIX of 2000), the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 and for such internal control as management determines is necessary

to enable the preparation of regulatory returns that are free from material misstatement, whether due to fraud or error.

In preparing the regulatory returns, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of Regulatory returns

Our objectives are to obtain reasonable assurance about whether the regulatory returns as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these regulatory returns.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the regulatory returns, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the regulatory returns or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the regulatory returns, including the disclosures, and whether the regulatory returns represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. **(This paragraph is only applicable to listed company audit)**

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) the accompanying regulatory returns accurately reflect the books and records of the Company;
- (b) the Company has maintained proper books and records; and
- (c) the regulatory returns have been prepared in accordance with the Insurance Ordinance 2000 (XXXIX of 2000), the Insurance Rules 2017 and Insurance Accounting Regulations 2017.

Other Matter

The Company has prepared a separate set of financial statements for the year ended December 31, 20XX in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Insurance Ordinance 2000 and Companies Act 2017 on which we issued a separate auditor's report to the members of the Company dated -----.

The engagement partner on the audit resulting in this independent auditor's report is [*name*].

[*Signature*]

[*Place/ location*]

[*Date*]

INDEPENDENT AUDITOR'S REPORT

[see regulation 3]

To the members of (Name of General Insurance Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements (or revised financial statements, if applicable)ⁱ of(the Company), which comprise the statement of financial position as at, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at and of the profit or loss, total comprehensive income or lossⁱⁱ, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern (if applicable)

Emphasis of Matter (if any)

Key Audit Matter(s)ⁱⁱⁱ

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):^{iv}

S. No.	Key audit matter(s)	How the matter was addressed in our audit

Information Other than the Financial Statements and Auditor’s Report Thereon

[Reporting in accordance with the reporting requirements in ISA 720 (Revised)]

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and , Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements^v

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);;
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company’s business; and;
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance^{vi}

Other Matter(s)

Prior Year Financial Statements Audited by Predecessor Auditor ^{vii}

The engagement partner on the audit resulting in this independent auditor's report is [name].

[Signature]

[Place/ location]

[Date]

Notes:

ⁱ Where due to events occurring after the issuance of audit report an audit report is required to be revised, this fact along with specific justification and impact shall be conspicuously stated in the title and text of the report. For this, the following paragraph shall be included in an Emphasis of Matter Paragraph or Other Matter paragraph.

Reasons for Revision of Financial Statements and the Audit Report (If Applicable)

We have issued the previous Audit Report to the members for audit of the financial statements for the year ended on ----- . The previous Audit Report was unqualified. Those financial statements were approved by the Board of Directors on----- . Subsequent to issuing of the audit report, material changes in the reported value of-----were discovered due to which the reported amount of -----and the profit is reduced/ increased by Rs. ----- . As a result, the financial statements were revised and the Board of Directors approved it on ----- .

ⁱⁱ As the case may be, use either profit or loss, similarly either comprehensive income or loss.

ⁱⁱⁱ In the case of a non-listed company the section of key audit matter(s) in the report and the related last two paragraphs in the auditor's responsibilities section may be omitted.

^{iv} In case there is no KAM following wording may be used:

'We have determined that there are no key audit matters to communicate in our report.'

^v With Reference to explanation of Section 249 (3), Section 249 (4) of the Companies Act, 2017 (XIX of 2017), and section 48(2) of the Insurance Ordinance 2000:

- Where any of the matters referred in the Auditor's Report is answered in negative or with a qualification the report shall state the reasons for such answers along with the factual position to the best of auditor's information.
- Where the auditor's report contains a reference to any other report, statement or remarks which they have made on the financial statements examined by them, such statement or remarks shall be annexed to the auditor's report and shall be deemed to be a part of the auditor's report.

^{vi} Where no Zakat is deductible, substitute "no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

^{vii} The paragraph is not required in cases where the auditor of the Company is same in the previous year.

Audit report format for Regulatory Returns Life Insurance Company (ISA 800)

INDEPENDENT AUDITORS REPORT
[see regulation 3]

To the Board of Directors of[name of Life Insurance Company]

Report on the Audit of Regulatory Returns

Opinion

We have audited the accompanying regulatory returns of ----- (the Company) which comprise the balance sheet as at, and the profit and loss account, the statement of cash flows, the revenue account, the statement of premiums, the statement of claims, the statement of expenses, the statement of investment income, the statement of solvency, the classified summary of assets in Pakistan, the statement of maximum management expense limits and the statement of itemized computation of bancaassurance acquisition cost (if applicable) for the year then ended together with the notes forming part thereof, including a summary of significant accounting policies.

In our opinion the regulatory returns present fairly the state of affairs of the Company as at December 31, 20XX and the result of the Company for the year then ended in accordance with the requirements of Insurance Ordinance, 2000 (XXXIX of 2000), the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Regulatory returns* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on distribution and use

We draw attention to Note X to the regulatory returns, which describes the basis of accounting. The regulatory returns are prepared to meet the requirements of section 46 (1) of the Insurance Ordinance 2000. As a result, the regulatory returns may not be suitable for another purpose. Our report is intended solely for ----- (Company name) and Securities and Exchange Commission of Pakistan (SECP) and should not be distributed to parties other than(Company) or SECP. Our opinion is not modified in respect of this matter.

Material Uncertainty relating to Going Concern (if applicable)

Responsibilities of Management and the Board of Directors for the Regulatory returns

Management is responsible for the preparation and fair presentation of the regulatory returns in accordance with requirements of the Insurance Ordinance 2000, (XXXIX of 2000) the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 and for such internal control as management determines is necessary

to enable the preparation of regulatory returns that are free from material misstatement, whether due to fraud or error.

In preparing the regulatory returns, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of Regulatory returns

Our objectives are to obtain reasonable assurance about whether the regulatory returns as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these regulatory returns.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the regulatory returns, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the regulatory returns or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the regulatory returns, including the disclosures, and whether the regulatory returns represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. **(This paragraph is only applicable to listed company audit)**

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (d) the accompanying regulatory returns accurately reflect the books and records of the Company;
- (e) the Company has maintained proper books and records;
- (f) the apportionment required to be performed under section 17 of the Insurance Ordinance 2000 has been performed in accordance with the advice of the appointed actuary; and
- (g) the regulatory returns have been prepared in accordance with the Insurance Ordinance 2000 (XXXIX of 2000), the Insurance Rules 2017 and Insurance Accounting Regulations 2017.

Other Matter

The Company has prepared a separate set of financial statements for the year ended December 31, 20XX in accordance with accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 and Companies Act, 2017 on which we issued a separate auditor's report to the members of the Company dated -----.

The engagement partner on the audit resulting in this independent auditor's report is [*name*].

[*Signature*]

[*Place/ location*]

[*Date*]

INDEPENDENT AUDITOR'S REPORT

[see regulation 3]

To the members of (Name of Life Insurance Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements (or revised financial statements, if applicable)ⁱ of(the Company), which comprise the statement of financial position as at, and the statement of comprehensive income , the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income , the statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at and of the profit or loss, total comprehensive income or lossⁱⁱ, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern (if applicable)

Emphasis of Matter (if any)

Key Audit Matter(s)ⁱⁱⁱ

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):^{iv}

S. No.	Key audit matter(s)	How the matter was addressed in our audit

Information Other than the Financial Statements and Auditor’s Report Thereon

[Reporting in accordance with the reporting requirements in ISA 720 (Revised)]

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements ^v

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017)
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XIX of 2017), and are in agreement with the books of account;
- c) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary;

- d) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- e) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance ^v.

Other Matter(s)

Prior Year Financial Statements Audited by Predecessor Auditor^{vi}

The engagement partner on the audit resulting in this independent auditor's report is [name].

[Signature]

[Place/ location]

[Date]

Notes

ⁱ Where due to events occurring after the issuance of audit report an audit report is required to be revised, this fact along with specific justification and impact shall be conspicuously stated in the title and text of the report. For this, the following paragraph shall be included in an Emphasis of Matter Paragraph or Other Matter paragraph.

Reasons for Revision of Financial Statements and the Audit Report (If Applicable)

We have issued the previous Audit Report to the members for audit of the financial statements for the year ended on -----. The previous Audit Report was unqualified. Those financial statements were approved by the Board of Directors on-----. Subsequent to issuing of the audit report, material changes in the reported value of-----were discovered due to which the reported amount of -----and the profit is reduced/ increased by Rs. -----. As a result, the financial statements were revised and the Board of Directors approved it on ----

ⁱⁱ As the case may be, use either profit or loss, similarly either comprehensive income or loss.

ⁱⁱⁱ In the case of a non-listed company the section of key audit matter(s) in the report and the related last two paragraphs in the auditor's responsibilities section may be omitted.

^{iv} In case there is no KAM following wording may be used:

'We have determined that there are no key audit matters to communicate in our report.'

^v With Reference to explanation of Section 249 (3), Section 249 (4) of the Companies Act, 2017 (XIX of 2017) and section 48(2) of the Insurance Ordinance 2000:

- Where any of the matters referred in the Auditor's Report is answered in negative or with a qualification the report shall state the reasons for such answers along with the factual position to the best of auditor's information.
- Where the auditor's report contains a reference to any other report, statement or remarks which they have made on the financial statements examined by them, such statement or remarks shall be annexed to the auditor's report and shall be deemed to be a part of the auditor's report.

^{vi} The paragraph is not required in cases where the auditor of the Company is same in the previous year.

INDEPENDENT AUDITOR'S REPORT
[see regulation 4]

To the members of(name of Holding Company)

Opinion

We have audited the annexed consolidated financial statements (or revised consolidated financial statements, if applicable)ⁱ of and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at, and the consolidated statement of profit or lossⁱⁱ and other comprehensive income or the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at, and (of) its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the Chartered Accountants of Pakistan / The Institute of Cost and Management Accountants of Pakistanⁱⁱⁱ (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern (if applicable)

Emphasis of Matter (if any)

Key Audit Matter(s)^{iv}

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the

context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matter(s):^v

S.No.	Key audit matter(s)	How the matter was addressed in our audit

Information Other than the Financial Statements and Auditor's Report Thereon

[Reporting in accordance with the reporting requirements in ISA 720 (Revised)]

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

Prior Year Financial Statements Audited by Predecessor Auditor^{vi}

The engagement partner on the audit resulting in this independent auditor's report is [*name*].

[*Signature*]

[*Place/ location*]

[*Date*]

Notes:

ⁱ Where due to events occurring after the issuance of audit report an audit report is required to be revised, this fact along with specific justification and impact shall be conspicuously stated in the title and text of the report. For this, the following paragraph shall be included in an Emphasis of Matter Paragraph or Other Matter paragraph.

Reasons for Revision of the consolidated Financial Statements and the Audit Report (If Applicable)

We have issued the previous Audit Report to the members for audit of the consolidated financial statements for the year ended on ----- . The previous Audit Report was unqualified. Those consolidated financial statements were approved by the Board of Directors on----- . Subsequent to issuing of the audit report, material changes in the reported value of-----were discovered due to which the reported amount of -----and the profit is reduced/ increased by Rs. ----- . As a result, the consolidated financial statements were revised and the Board of Directors approved it on -----

ⁱⁱ Substitute “income and expenditure account” and “surplus or deficit” in case of association not for profit.

ⁱⁱⁱ To use the name of the relevant institute.

^{iv} In the case of a non-listed Holding company, the section of key audit matter(s) in the report and the related last two paragraphs in the auditor’s responsibilities section may be omitted.

^v In case there is no KAM following wording may be used:

We have determined that there are no key audit matters to communicate in our report.

^{vi} The paragraph is not required in cases where the auditor of the Holding Company is same in the previous year.

Additional Notes:

- I. Omit the component of financial statements which is not applicable in case of a particular company in accordance with applicable financial reporting framework.
- II. Terms “consolidated statement of profit or loss and other comprehensive income” or “consolidated statement of comprehensive income” can be used interchangeably.
- III. With Reference to explanation of Section 249 (3) and Section 249 (4) of the Companies Act, 2017 (XIX of 2017):
 - Where any of the matters referred in the Auditor's Report is answered in negative or with a qualification the report shall state the reasons for such answers along with the factual position to the best of auditor's information.
 - Where the auditor’s report contains a reference to any other report, statement or remarks which they have made on the financial statements examined by them, such statement or remarks shall be annexed to the auditor’s report and shall be deemed to be a part of the auditor’s report.

INDEPENDENT AUDITOR’S REVIEW REPORT
[see regulation 5]

To the members of(name of company)

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of as at and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor’s report is [*name*].

[*Signature*]

[*Place/ location*]

[*Date*]

Note:

*Where the auditor has not reviewed the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months period ended, this fact should be mentioned in the review report.

INDEPENDENT AUDITOR'S REVIEW REPORT
[see regulation 6]

To the members of(Name of Company)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of _____ (Name of the Company) for the year ended _____ in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended _____.

* Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the note/paragraph reference where it/these is/are stated in the Statement of Compliance:

Note/paragraph

	<u>Reference</u>	<u>Description</u>
i-
ii-
iii-

Chartered Accountants

Place:

Date:

* Required when the Company's Statement of Compliance refers to a non-compliance. In terms of regulation 40 of the Regulations, the statutory auditors of a listed company shall ensure that any non-compliance with the requirements of the Regulations as referred to in the Statement of Compliance is also highlighted in their review report. In a situation where the Statement of Compliance does not mention the non-compliance of the Regulations the statutory auditor shall then issue a modified report, a format for which is given below.

INDEPENDENT AUDITOR’S MODIFIED REVIEW REPORT

[see regulation 6]

To the members of(Name of Company)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of _____ (Name of the Company) for the year ended _____ in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company’s compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company’s personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors’ statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company’s corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company’s process for identification of related parties and that whether the related party transactions were undertaken at arm’s length price or not.

Following instance(s) of non-compliance with the requirement(s) of the Regulations was /were observed which is/are not stated in the Statement of Compliance:

- i-
- ii-
- iii-

Based on our review, except for the above instance(s) of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended _____.

* Further, we highlight below instance(s) of non-compliance with the requirement(s) of the Regulations as reflected in the note/paragraph reference where it/these is/are stated in the Statement of Compliance:

Note/paragraph

	<u>Reference</u>	<u>Description</u>
i-
ii-
iii-

Chartered Accountants

Place:

Date:

* Required when the Company's Statement of Compliance refers to a non-compliance. In terms of regulation 40 of the Regulations, the statutory auditors of a listed company shall ensure that any non-compliance with the requirements of the Regulations as referred to in the Statement of Compliance is also highlighted in their review report. In a situation where the Statement of Compliance does not mention the non-compliance with the Regulations, the statutory auditor shall then issue a modified report in accordance with the above format.

[No. EMD/D-II/NL/20/Audit/14]


(Bilal Rasul)
Secretary to the Commission