

**Securities and Exchange Commission of Pakistan
Enforcement and Monitoring Division
7th Floor, NIC Building, Jinnah Avenue,
Blue Area, Islamabad.**

June 17, 2002

Before Rashid Sadiq, Executive Director

In the matter of

M/S Javaid Jalal Amjad & Company, Chartered Accountants

Date of hearings
June 14, 2002

Present:

Mr. M. Javaid Iqbal Khan, FCA

**ORDER FOR REVIEW APPLICATION UNDER SECTION 484 OF THE
COMPANIES ORDINANCE, 1984**

This is a review application against the order dated May 30, 2002 passed by the undersigned whereby a fine amounting to Rs. 4,000/- (Rupees four thousand) was imposed on each of the partners of the firm namely M/S Javaid Jalal Amjad & Company, Chartered Accountants under Sub-section (1) of Section 260 of the Companies Ordinance, 1984 (the "Ordinance") and Rule 35 of the Companies (General Provisions and Forms) Rules, 1985 (the "Rules"). The said Order was passed against all the partners of the firm in their capacity as auditors of M/S Moraftco Industries Limited (the "Company") for not issuing audit report on its accounts for the year ended June 30, 2001 on the prescribed Form 35A, for making the said report otherwise than in conformity with the requirements of Section 255 of the Ordinance and failing to draw attention of the members in the said report towards non-disclosures in the accounts and issuing an unqualified report in the circumstances when the Company was closed since 1997 and previous auditors had drawn attention of the members towards going concern problem. The fine was imposed on the basis of admitted violations.

2. The review application came up for hearing on June 14, 2002. Mr. M. Javaid Iqbal Khan, FCA appeared on behalf of Mr. Jalaluddin, Mr. Muhammad Ali, Mr. Iftikhar Hussain Alvi and on his own behalf.

3. In the review application and at the time of hearing, it was stated that Faisalabad Office of the firm committed the admitted negligence. It was also averred that other offices and their partners were not aware of the violations and it was the Faisalabad Office, which took up the audit and issued report under the signature of its partner in charge, Raja Amjad Ali, ACA. It was, therefore, prayed that the fine imposed may be restricted to Raja Amjad Ali who was responsible for the assignment and issued the audit report under his signature and other partners of the firm namely Mr. M. Javaid Iqbal Khan, Mr. Jalaluddin, Mr. Mohamamd Ali, Mr. Iftikhar Hussain Alvi, may be exonerated from the penalty imposed on them. It was also informed that the penalty imposed on Raja Amjad Ali has already been paid.

4. During the course of proceedings of the case, which was decided through Order dated May 30, 2002, it was never informed that Raja Amjad Ali has signed the audit report. Now, it has been sufficiently demonstrated before me that the other partners of the firm were not aware of the violations and they were not in any way involved for the creation of an untrue report. It was Raja Amjad Ali, partner in charge of the Faisalabad Office who was the engagement partner for the audit of the Company and he was solely responsible for signing of the aforesaid report. In view of the reasons stated by the applicants, it appears to me that Raja Amjad Ali was responsible for the admitted violations committed in the case of audit report of the Company. He was solely involved for creation of an untrue audit report. Under the circumstances, I am of the opinion that the applicants have made a good case for themselves. I would not like to punish the other partners of the firm because the non-compliance with the provisions of law was *prima facie* committed without their knowledge.

5. For the foregoing reasons, I hereby exonerate the applicants namely Mr. M. Javaid Iqbal Khan, Mr. Jalaluddin, Mr. Muhammad Ali and Mr. Iftikhar Hussain Alvi by waiving the penalty imposed on them through the Order dated May 30, 2002. The review petition is accordingly disposed of in the above manner.

RASHID SADIQ
Executive Director (Enforcement & Monitoring)

Announced:
June 17, 2002
ISLAMABAD