



**A.F.FERGUSON & CO.,
(A member firm of PricewaterhouseCoopers Network)**

Transparency Report 2016

Introduction

This Transparency Report is published in accordance with article 40 (1) and 45 (5) (e) of the Directive on Statutory Audit 2006/43/EC.

The Transparency Report is in respect of the financial year ended June 30, 2016.

The Transparency Report was approved by the Territory Senior Partner of A. F. Ferguson & Co., and signed on its behalf by Syed Haider Abbas, Partner on September 30, 2016.

Legal structure and ownership of the Firm (Article 40(1) (a))

A. F. Ferguson & Co., is partnership formed under the laws of Pakistan. It has offices in Karachi, Lahore and Islamabad. It is wholly owned by the partners of the firm. It had 43 partners at June 30, 2016. It is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

Network Arrangements (Article 40(1) (b))

PwC Network

PwC is a global network of separate firms, operating locally in countries around the world. PwC firms are members of PricewaterhouseCoopers International Limited and have the right to use the PricewaterhouseCoopers name. As members of the PwC network, PwC firms share knowledge, skills and resources. This membership facilitates PwC firms to work together to provide high-quality services on a global scale to international and local clients, while retaining the advantages of being local businesses – including being knowledgeable about local laws, regulations, standards and practices.

Being a member of the PwC network means firms also agree to abide by certain common policies and maintain the standards of the PwC network. Each firm engages in quality control and compliance monitoring activities, covering the provision of services, ethics and business conduct, and the compliance with specific, strict standards for independence monitoring and protection.

PricewaterhouseCoopers International Limited

PricewaterhouseCoopers International Limited (PwCIL) is a UK private company limited by guarantee. PwCIL acts as a coordinating entity for PwC firms and does not practise accountancy or provide services to clients. PwCIL works to develop and implement policies and initiatives to create a common and coordinated approach for PwC firms in key areas such as strategy, brand, and risk and quality. PwC firms use the PwC name and draw on the resources and methodologies of the PwC network. In return, PwC firms are required to comply with common policies and the standards of the PwC network.

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A PwC firm of PwCIL cannot act as agent of PwCIL or any other PwC firm, and it is only liable for its own acts or omissions and not those of PwCIL or any other PwC firm. PwCIL has no right or ability to control any member firm's exercise of professional judgement. The governance bodies of PwCIL are:

- **Global Board**, which is responsible for the governance of PwCIL, the oversight of the Network Leadership Team and the approval of Network Standards. The Board does not have an external role. Board members are elected by partners from all PwC firms around the world every four years.
- **Network Leadership Team**, which is responsible for setting the overall strategy for the PwC network and the standards to which the PwC firms agree to adhere.
- **Strategy Council**, which is made up of the leaders of the largest PwC firms of the network, agrees the strategic direction of the Network and facilitates alignment for the execution of strategy.
- **Network Executive Team** is appointed by and reports to the Network Leadership Team. Its members are responsible for leading teams drawn from Network firms to coordinate activities across all areas of our business.

The Territory Senior Partner of A.F. Ferguson & Co. maintains our relationships with the Network Leadership Team.

Governance structure of the Firm (Article 40(1) (c))

Every three years, the Council of Partners (all active Partners) elects a Territory Senior Partner. The Territory Senior Partner forms a National Board and committees for the proper functioning of the Firm. The National Board Comprises of six elected members and is chaired by Territory Senior Partner. The Council of Partners acts as the Oversight Board of the Firm.

Internal quality control system (Article 40(1) (d))

The following is a summary of the system of quality control that A. F. Ferguson & Co., has adopted over its accounting and auditing practice.

Introduction

Firms of the PwC network are members of, or otherwise connected to, PricewaterhouseCoopers International Limited ("PwCIL"), a UK private company limited by guarantee. Each member firm is a separate legal entity. Member firms are obliged to abide by certain common audit and quality control standards and policies approved by PwCIL and to conduct risk and quality reviews. A. F. Ferguson & Co.'s policies are based on these common standards and policies, which are supplemented to address local professional standards and regulatory requirements.

