



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

PRESS RELEASE

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SECP defers applicability of IFRS 9

ISLAMABAD, February 15: The Securities and Exchange Commission of Pakistan (SECP) has deferred the applicability of the International Financial Reporting Standard (IFRS) 9 “Financial Instruments” for all companies required to prepare their financial statements in accordance with the requirements of IFRS.

Through SRO 1007(I)/2017, dated October 4, 2017, the SECP had notified IFRS 9, replacing the International Accounting Standard (IAS) 39 “Financial Instruments: Recognition and Measurement” with effect from reporting periods starting July 1, 2018. However, a number of companies have approached the SECP, requesting either relaxation from or deferral of the IFRS 9 due to non-availability of relevant data/estimates, increased complexity of the new impairment model, time constraint for finalization of financial statements for the period ending on December 31, 2018, and peculiar circumstances of various companies facing the issue of circular debt.

Based on the recommendation of the Institute of Chartered Accountants of Pakistan (ICAP), the SECP has deferred the applicability of IFRS 9 for reporting period/year ending on or after June 30, 2019. It is expected that the companies will benefit from the extension and will fully prepare themselves for transition to ensure complete compliance with IFRS 9 by the new effective date. The SECP has also allowed early adoption of IFRS-9 for companies that wish to do so.

Section 225 of the Companies Act, 2017, has empowered the SECP to notify financial reporting standards for the purposes of preparation of financial statements by companies.