



**The Institute of
Chartered Accountants
of Pakistan**

**CA
PAKISTAN**

HEAD OFFICE

Circular No. 1/2022

March 21, 2022

ALL MEMBERS OF THE INSTITUTE

Dear Member

Accounting Guidance '*Application of IFRS 9 by Modarabas*'

IFRS 9, *Financial Instruments*, is applicable to modarbas from June 30, 2022. Financial reporting requirements pertaining to the classification and provisioning of financial assets are presently provided under the specific law and related Modaraba Regulations, 2021 (Modaraba Regulations).

The Accounting Standards Board has developed the Accounting Guidance '*Application of IFRS 9 by Modarabas*' (the Accounting Guidance) to facilitate modarabas in the implementation and transition to IFRS 9. The Accounting Guidance discusses key areas relating to IFRS 9 application, including:

- classification and measurement of financial assets and financial liabilities;
- application of Expected Credit Loss (ECL) model and its interaction with the time-based classification and provisioning requirements specified in the Modaraba Regulations; and
- the disclosure requirements.

You can access this publication at <http://www.icap.net.pk/accounting-guidancetools>

We hope you find the publication helpful.

Yours truly

Sohail Malik
Director Technical Services

(Established under the Chartered Accountants Ordinance, 1961 - X of 1961)

Chartered Accountants Avenue, Clifton, Karachi-75600 (Pakistan). Ph: (92-21) 111-000-422, Fax: 99251626

Website: www.icap.org.pk, E-mail: info@icap.org.pk