

A world map in shades of gray is the background. Overlaid on the map are several curved lines: a thick dark gray line, a thick red line, and several dotted lines in white, orange, red, and blue. The lines curve from the left side towards the right, following the curvature of the globe.

IFRS® Foundation

Responding to the covid-19 crisis

Emerging Economies Group Meeting

Agenda Paper 4
30 November-1 December 2020

Presenters

Agenda ref 4

Project	Responding to the covid-19 crisis		
Paper topic	Responding to the covid-19 crisis		
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A stylized world map in shades of gray, overlaid with several thick, curved white lines and a network of dotted white lines, suggesting global connectivity or data flow.

Key take-aways

Key take-aways

Agenda ref 4

A

IFRS Standards

- IFRS Standards are working well in practice

B

Standard-setting process

- Where necessary and appropriate, targeted, urgent action taken whilst adhering to due process

C

Financial reporting challenges

- One of the most common challenges involves developing assumptions in times of heightened uncertainty

A grayscale world map is the background, showing continents and a grid of dotted lines. Overlaid on the left side are several thick, curved, light-gray lines that sweep across the map from the bottom left towards the top right.

Responding to the covid-19 crisis

1. Monitoring application challenges

Monitor application of IFRS Standards in current stressed environment by actively engaging with stakeholders

(see slides 7-8)

2. Responding to urgent issues

Take targeted action, where required, to support consistent application

(see slide 9)

3. Engaging with stakeholders

- Continue and deepen engagement with stakeholders, albeit virtually
- Adjust consultation timelines to help stakeholders experiencing challenges from the crisis

(see slides 10-11)

1. Monitoring application challenges

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What we are doing

Supporting stakeholders in their efforts to **promote consistent application of IFRS Standards** in their respective jurisdictions

- discussions with national standard-setters, regulators, accounting firms and other stakeholders about local issues and planned actions
- monitoring educational and other materials shared with us

General feedback

Feedback indicates that, in general, while of course reporting challenges have arisen in this environment, **IFRS Standards are working well in practice**

- For example, stakeholders, including some investors, have said the **ECL model in IFRS 9 provides useful information** (although some questions have been raised about the usefulness of the disclosures being provided)
- Nonetheless, a very limited number of IFRS jurisdictions introduced carve-outs or exceptions from IFRS requirements (for example, ignoring the effects of covid-19 while making estimates) – these carve-outs or exemptions are **very limited in nature and temporary**

1. Monitoring application challenges

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Estimates

Estimating items in the financial statements is challenging

- Crisis highlights **need for reasonable and supportable information at the reporting date**, developed through a robust process, with transparent and relevant disclosure
- This matter was discussed by a panel on [[Applying IFRS Standards in 2020–impact of covid-19](#)] at the IFRS Foundation's conference in September 2020

Going concern

- Some jurisdictions have published **local material to assist entities apply the going concern** requirements in IFRS Standards
- A few stakeholders raised concerns about the **basis of accounting** to use **when an entity is no longer a going concern** and the sufficiency of disclosure requirements in IFRS Standards

Other topics

Other covid-19 related matters raised by stakeholders include:

- Presentation of the effects of covid-19
- Impairment testing
- Subsequent events

2. Responding to urgent issues

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- **When necessary and appropriate**, take targeted, urgent action whilst adhering to due process
 - Examples – discussions with stakeholders, educational materials and, if necessary, amendments to IFRS Standards

Example 1: IFRS 9 and covid-19

Educational material: Application of [IFRS 9 *Financial Instruments*](#) in accounting for ECLs in the current environment

The educational materials are intended to support consistent application of requirements in IFRS Standards

Example 2: IFRS 16 and covid-19

Educational material: Application of [IFRS 16 *Leases*](#) and other Standards to rent concessions granted as a result of the covid-19 pandemic

Example 3: Amendment to IFRS 16

Provides [optional practical relief for lessees](#) in accounting for particular rent concessions occurring as a direct consequence of the covid-19 pandemic

3. Engaging with stakeholders



- Board and Interpretations Committee remains active
- Meetings with consultative groups have resumed
- Meetings are still publicly observable, consistent with our commitment to transparency and due process

Virtual meetings: <https://www.ifrs.org/news-and-events/calendar/>



[IFRS Foundation Virtual Conference 2020](#)

- First entirely virtual conference which combined the annual IFRS Foundation conference and annual World Standard-setters conference
- Replicated face-to-face conference experience with plenary sessions, breakout sessions, networking and Q&A opportunities
- Two-day event with 500 participants from 101 countries



Stakeholders can access our [website](#) for the latest:

- news releases
- work plan
- educational materials

3. Engaging with stakeholders – timelines

The Board has adjusted timelines to help stakeholders experiencing challenges from the covid-19 crisis

Advancement of time-sensitive projects without delay

Projects completed:

- *Amendments to IFRS 17* issued on 25 June 2020
- *Interest Rate Benchmark Reform—Phase 2* issued on 27 August 2020

Deferral of effective date

The Board deferred the effective date of the amendments to IAS 1 relating to the **Classification of Liabilities as Current or Non-Current** to 1 January 2023

Consultation documents

- Extended the consultation period of some documents to give stakeholders enough time to respond effectively
- Revised the **timelines** for forthcoming consultation documents

Bundling of narrow scope amendments

The Board is bundling the issuance of narrow-scope amendments to IFRS Standards to facilitate more efficient post-publication procedures by our stakeholders

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