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Responding to the covid-19 crisis

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Key take-aways

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Key take-aways

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



Responding to the covid-19 crisis

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Strategy

1. Monitoring application challenges

2. Responding to urgent issues

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

(see slides 7-8)

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

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

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 [<u>Applying IFRS Standards in 2020–impact of covid-19</u>] 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

• When necessary and appropriate, take targeted, urgent action whilst adhering to due process

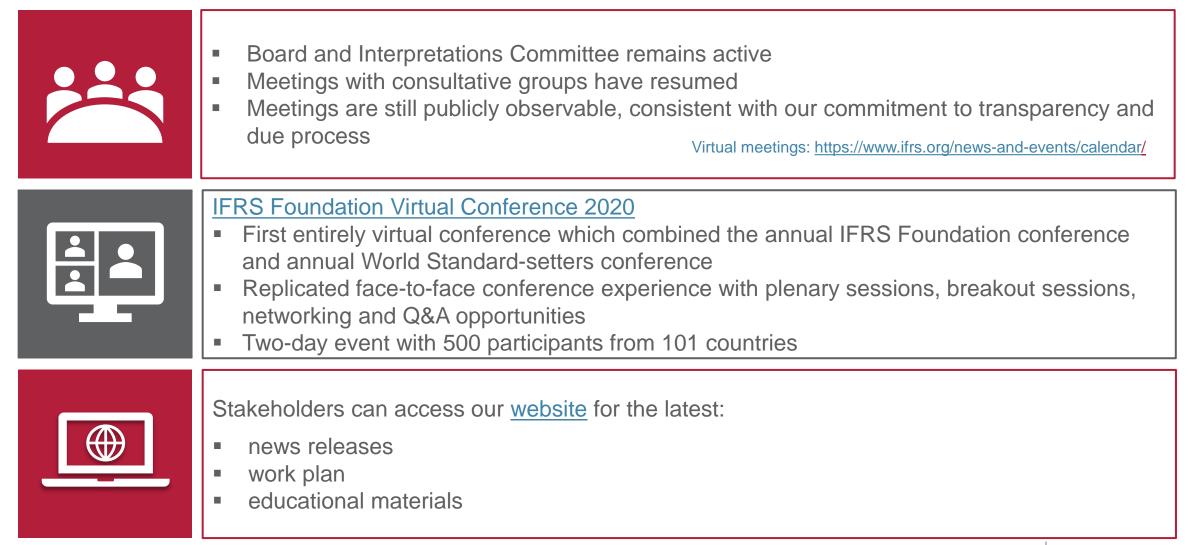
Examples – discussions with stakeholders, educational materials and, if necessary, amendments to IFRS Standards

Example 1: IFRS 9 and covid-19	Example 2: IFRS 16 and covid-19	Example 3: Amendment to IFRS 16
Educational material: Application of IFRS 9 <i>Financial Instruments</i> in accounting for ECLs in the current environment	Educational material: Application of IFRS 16 Leases and other Standards to rent concessions granted as a result of the covid- 19 pandemic	Provides optional practical relief for lessees in accounting for particular rent concessions occurring as a direct consequence of the covid-19 pandemic

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

9 **8 IFRS**

3. Engaging with stakeholders





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		Deferral of effective date
Projects completed:			The Board deferred the effective date of the amendments to IAS 1 relating to the Classification of
-	Amendments to IFRS 17 issued on 25 June 2020		
•	Interest Rate Benchmark Reform—Phase 2 issued on 27 August 2020		Liabilities as Current or Non-Current to 1 January 2023
	Consultation documents		Bundling of narrow scope amendments
•	Extended the consultation period of some documents to give stakeholders enough time to respond effectively		The Board is bundling the issuance of narrow-scope amendments to IFRS Standards to facilitate more efficient post-publication procedures by our
-	Revised the timelines for forthcoming consultation documents		stakeholders



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