



19 November 2020
FASB | IASB Joint Education Meeting

Responding to the covid-19 crisis

IASB Agenda ref 32A
FASB Agenda ref 32A

Nili Shah, IASB Technical Staff
Jawaid Dossani, IASB Technical Staff
Anuj Deuba, IASB Assistant Technical Staff

Disclaimer

This presentation has been prepared for discussion at a public educational meeting of the US Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB).

It is not intended to represent the views of the boards or any individual member of either board or the staff.

Comments on the application of IFRS[®] Standards or US GAAP do not purport to set out acceptable or unacceptable application of IFRS Standards or US GAAP.

Tentative technical decisions are made in public and reported in FASB Action Alert or in IASB Update. Official positions of the FASB or the IASB are determined after extensive due process and deliberations.

A grayscale world map is the background for the slide. Overlaid on the map are several thick, light gray curved lines that sweep across the continents. Additionally, there are dotted lines forming a grid-like pattern across the map, suggesting a global or interconnected theme.

Key take-aways

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

A grayscale world map is the background, showing continents and oceans. Overlaid on the map are several thick, light gray curved lines that sweep across the globe from the bottom left towards the top right. A network of thin, dotted white lines is also visible, connecting various points across the map, suggesting a global network or data flow.

Responding to the covid-19 crisis

Strategy

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

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 [[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

- **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

Find us online



www.ifrs.org



IFRS Foundation | International Accounting Standards Board



@IFRSFoundation



IFRS Foundation



IFRS Foundation

Join our team: go.ifrs.org/careers