



COVID-19

Project summary

The objective of this project is to support entities in the application of accounting standards during and as a result of the COVID-19 outbreak.

The AASB has noted concerns about the impact of the COVID-19 crisis on the operations of entities and has been liaising with other regulators to address any financial reporting requirements concerns in a coordinated way.

Narrow-scope standard-setting has also been undertaken to permit lessees, as a practical expedient, not to assess whether particular rent concessions are lease modification, and instead account for them as if they are not.

Project contacts

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Project priority: High

Issued Documents

- AASB–AUASB Joint FAQ [The Impact of Coronavirus on Financial Reporting and the Auditor's Considerations](#)
- AASB–AUASB Joint Publication [The Impact of COVID-19 on Going Concern and Related Assessments](#)
- AASB 2020-4 [Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions](#)
- [AASB Staff FAQ Accounting for Government Assistance](#)

Project status

- Monitoring financial reporting effects of COVID-19

Other

- [AASB COVID-19 webpage](#)
- [IASB Education – IFRS 9](#)
- [IASB Education – IFRS 16](#)
- [IASB Project Page – IFRS 16 and COVID-19](#)

AASB Outreach

- AASB staff attending various industry forums to identify any issues

Board deliberations

- AASB Staff Action Alert Update and Board Papers

AASB Communications

- Weekly Newsletter Updates

Latest project news

Date

News

12 June 2020

[June 2020 Action Alert](#)

4 May 2020

[April 2020 Action Alert](#)

The staff of the AASB have prepared this summary for information purposes only. The Board decisions described are tentative and do not change current accounting pronouncements unless otherwise indicated. Official positions of the AASB are determined only after extensive due process and deliberations. While this summary is regularly updated, it does not provide a comprehensive review or statement of events and should not be treated as such.

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June 2020

COVID-19 Financial Reporting Issues

Going concern disclosure requirements

The Board noted the New Zealand Accounting Standards Board's project proposing New Zealand additional disclosures relating to going concern uncertainties and judgements, and decided not to add a corresponding project to the AASB's Work Program for the following reasons:

- standard-setting action in Australia does not appear to be justified or sufficiently significant to warrant disclosures additional to IFRS Standards, in accordance with the AASB's standard-setting frameworks. The Board considers there are issues relating to going concern disclosures (and other aspects of the going concern assessment) that should be addressed at an international level;
- no negative consequences were identified for entities dual-listed in Australia and New Zealand;
- the AASB has already discussed issues related to going concern disclosures through the AASB-AUASB Joint Publication [*The Impact of COVID-19 on Going Concern and Related Assessments*](#).

Instead, the Board decided to undertake a longer-term project to influence the IASB to undertake a fundamental review of the requirements related to going concern assessments, disclosures and the basis of accounting where the going concern assumption is no longer appropriate.

Amendments to AASB 16 – Impact on Tier 2 entities and NFP lessors

The Board also discussed several matters raised in relation to pending amendments to AASB 16 *Leases* regarding COVID-19-related rent concessions that the Board is currently voting on and decided:

- that the new disclosures and the disclosure relief to be added to AASB 16 as a result of the amendments should also apply to Tier 2 entities, regardless of whether they are reporting under the Reduced Disclosure Requirements or the new Simplified Disclosures framework. An exposure draft with proposed amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* will be issued shortly with a comment period of 14 days. This will ensure entities intending to adopt AASB 1060 early for June 2020 financial reporting periods will continue to have all relevant disclosures in one Standard and will not need to refer to other Standards such as AASB 16 to identify their disclosure requirements;
- to not propose additional relief for lessors in the not-for-profit (NFP) sector in accounting for COVID-19-related rent concessions. The Board acknowledged the challenges faced by both for-profit (FP) and NFP entities as lessors during the current circumstances and considered that challenges in the NFP sector are similar in nature and extent to those of FP lessors. The Board considered the IASB's reasons for deciding not to propose relief for lessors in the FP sector, decided those reasons are

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equally relevant for NFP lessors, and did not support NFP standard-setting in accordance with the AASB's NFP entity standard-setting framework; and

- to consider whether there is any the additional impact on below-market-leases in a future meeting if concerns are raised by stakeholders.

Additional FAQs in progress

The Board also noted the development of two COVID-19-related AASB Staff FAQs addressing the accounting for government support and impairment of non-financial assets. The Staff FAQs are expected to be published on the AASB's website before 30 June 2020.

[3.0](#) Cover Memo: Response to financial reporting issues of COVID-19

[3.2](#) Staff Paper: Lease concessions – NFP public sector and Tier 2 disclosures

April 2020

Coronavirus Impact on Financial Reporting – Additional Guidance

The Board decided to issue publications outlining areas of consideration for stakeholders in light of the impact of COVID-19 will be issued, including:

- going concern assessments and disclosures, jointly with the AUASB (issued May 2020 – [see link](#));
- accounting for government grants;
- impairment testing and fair value measurement

such publications would be educational in nature and would not change any requirements of Australian Accounting Standards.

The Board decided that it was unnecessary to defer the application date of certain Accounting Standards for not-for-profit entities, including AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases*.

With respect to the IASB's Exposure Draft ED/2020/2 *Covid-19-Related Rent Concessions*, the Board decided to provide informal feedback to the IASB staff in light of the short 14-day comment period. The Board noted concern that the relief is not proposed to extend to lessors. The Board also noted concern that principle 12 of the *National Cabinet Mandatory Code of Conduct – SME Commercial Leasing Principles During Covid-19*, which allows for leases to be extended for an equivalent period of any rent waiver and/or deferral period, may lead to concessions falling outside the scope of the proposals. However, the Board acknowledged paragraph BC5(c) of the IASB's Exposure Draft, which clarifies that, for example, a three-month rent holiday followed by three additional months of substantially equivalent payments at the end of the lease would not prevent the application of the proposed expedient.

[5.1](#) Staff Paper: Response to financial reporting issues of COVID-19