The COVID-19 outbreak has developed rapidly in 2020. Measures taken to contain the virus have affected economic activity, which in turn have implications for financial reporting. The implications include not only the measurement of assets and liabilities but also disclosure and possibly an entity’s ability to continue as a going concern.

Click on each FSLI to find out where to find guidance.

For all guidance visit PwC Inform here. Some of the guidance is internal only so you will need to be logged into inform for the links to work.

Publication date July 6, 2020
Where an entity has any financial instruments that are within the scope of IFRS 9’s expected credit loss (ECL) model, management should consider the impact of COVID-19 on the ECL. Instruments to be considered include loans, debt instruments not measured at fair value through profit or loss, lease receivables, trade and other receivables, financial guarantees and loan commitments.

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<tr>
<td>Use this list for the top questions to ask your clients about ECL for loans.</td>
<td>We have compiled a list of frequently asked question on Impairment under IFRS 9</td>
<td>You will find spotlights with details of the ECL calculation, simplifications, practical expedients, and questions for auditors to consider</td>
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Podcasts to cover the basics
For the basics on the impact of COVID-19 on ECL for loans listen to our podcasts.
Episode 73: COVID-19 Impact on IFRS 9, ECL

Training
Here you can access to the specific training section on Financial Instruments - ECL

Top 5 issues for banks
Post-model adjustments for ECL during COVID-19
Implications of COVID-19 on expected credit loss models: Questions for auditors to consider
The impact of COVID-19 on the continued application of simplifications or expedients in determination of IFRS 9 expected credit losses
Under IFRS 9, how financial assets that are debt instruments are measured depends on both (a) the entity’s business model and (b) whether the contractual cash flows are solely payments of principal and interest.

Management should consider the impact of COVID-19 on the classification of these assets, in particular whether the entity’s business model for managing financial assets might have changed.

Additionally, for both loans held (assets) and loans issued (liabilities) management should assess the impact of any changes to the terms of a loan such as a payment holiday, whether arising from actions taken by local government or the renegotiation of terms between the borrower and the lender.
The volatility of prices on various markets has increased as a result of the spread of COVID-19. This affects the fair value measurement either directly if fair value is determined based on market prices or indirectly if a valuation technique used.

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Many governments, central banks and other agencies developed programmes to provide economic support. Where this is made through the banking system (e.g. by providing funding or guarantees to banks at potentially advantageous terms), a key challenge is to determine whether the government assistance is in the scope of IAS 20 and how it should be recognised and presented in the income statement.

What questions should I ask my client?

This flowchart will help you work through the requirements of IAS 20, the government grant standard.

Answers to common questions

We have compiled our guidance and a list of frequently asked question on government grants.

Training

Here you can access to the specific training section on Government grants.

Podcasts to cover the basics

For the basics on the impact of COVID-19 on government grants listen to our podcasts

- EP 72 Government grants
- EP 71 Implications of Coronavirus

Other guidance

Also you can find more industry guidance on revenue in our Top 5 issues for banks and in our IFRS technical update video: June 2020
As a result of the COVID-19 pandemic, a lessor and a lessee might renegotiate the terms of a lease, or a lessor might grant a lessee a concession. Both lessors and lessees should consider the requirements of IFRS 16 to account for lease concessions, force majeure clauses, impairment of lease receivables and reassessment of lease term among others.

On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient, for lessees only, from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications.
The measures taken to control the spread of COVID-19 will create operational and, in some cases, liquidity challenges for some entities. In some cases an entity might conclude in accordance with the guidance in IAS 1, that it is no longer a going concern. In other cases an entity might have a material uncertainty regarding the entity's ability to continue as a going concern, relevant disclosures should be included about the impact of COVID-19 in the financial statements. The detail of such disclosure and the impact in the audit report may depend on how the entity is affected.

**Answers to common questions**

We have compiled our guidance and a list of frequently asked question on going concern and subsequent events. FAQ 3.2.3.4 - To what extent should additional COVID-19 related information after the reporting date be included in the ECL.

**Other guidance**

Also you can find more guidance on going concern & disclosures in our Spotlight.

**Podcasts to cover the basics**


**Training**

Here you can access to the specific training section on Going concern & subsequent events.
IAS 1 requires disclosure of significant accounting policies, the most significant judgements made in applying those accounting policies, and the estimates that are most likely to result in an adjustment to profits in future periods. All of these disclosures might be different as a result of the impact of COVID-19. In addition, some entities would like to reflect the implication of COVID-19 in management performance measures, exceptional items and change the presentation in the income statements or include new subtotals.

What questions should I ask my client?
Use this Aid memo - Presentation and APM for the top questions to ask your clients about presentation

Answers to common questions
We have compiled our guidance and frequently asked question on Disclosures - including financial risk

Other guidance
The European Securities and Markets Authority published guidance on APMs and presentation and IOSCO issued an statement for application of accounting standards during the Covid-19 outbreak. Be sure to check if your specific regulator has issued similar guidance.

Podcasts to cover the basics
For the basics on the impact of COVID-19 on presentation and disclosures listen to our podcasts EP 82 Presentation of the impacts of COVID-19

Training
Here you can access to the specific training section on Presentation and disclosure
In addition to the items described below, entities should be aware of any other potential implications of the following aspects:

- Cash & cash equivalents
- Non-current assets
- Impairment
- Provision & onerous contracts
- Contingent assets
- Employee benefits and share-based payments
- Income taxes
- Breach of covenants
- Interim financial statements
- Hedge accounting

### What questions do I ask?

Use this list for the top questions to ask your clients about impairments and fair value.

### Answers to common questions

We have compiled our guidance on non-current assets, Cash and cash Equivalents, Interim financial statements and Non-financial obligations (including provisions, onerous contracts, contingent assets, employee benefits and share based payments and income taxes) and hedge accounting. There are questions on impairment, depreciation, interim reporting, fair value, inventory and post balance sheet events which are important for non-current assets.

### Other COVID-19 guidance

Podcasts to cover the basics

For the basics on the impact of COVID-19 on the following topics listen to our podcasts:

- EP 71 Implications of Coronavirus
- EP 75: Impairment
- EP 77: Fair value
- EP 78 Classification and measurement
- EP 79 Hedging & Corporate Treasury
- EP 84 COVID-19 and taxes
- EP 85 COVID-19 and interim reporting
- IFRS technical update video: April 2020
- IFRS technical update video: May 2020
- IFRS technical update video: June 2020

### Other guidance

An impairment test for non-current assets involves calculating a fair value or value in use. Use this guidance to find out how to value in uncertain times.
Thank you